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Established 1887

# Reagan Speech on Caribbean: Personal Stamp Put on Policy

By Don Oberdorfer Pashington Past Service

WASHINGTON - President Reagan's speech to the Organization of American States committed his administration and his personal prestige more clearly than ever before to the complex and contro-versial policy of anti-leftist activ-ism in Central America.

Beyond the details of the longpromised Caribbean Basin economic support program, Mr. Reagan's address Wednesday was notable for his tough language in describing the security problems of the area and his avoidance of describes or even strong clues about a tails or even strong clues about a future U.S. military response.

To justify the increased aid and economic concessions as well as the increased U.S. military support, Mr. Reagan described the U.S. "vital interest" in Central America as an area close at hand and as an artery for imported oil and other trade. It was unclear from the immediate reaction whether this appeal would override political resistance on Capitol Hill.
"Let our friends and our adver-

By Barbara Crossette

New York Times Service

WASHINGTON — Caribbean

governments cautiously welcomed the Reagan administration's com-

mitment to the development of

their region, but some diplomats

expressed concern that the package of trade and aid would face se-

rious problems in the U.S. Con-

Several also questioned Wednes-

day whether the administration

Tass attacks President Reagan's Caribbean aid proposal. Page 2.

had adopted a formula with too

rigid an emphasis on free en-

terprise for an area of mixed econ-

omies and serious development

view after the president's speech to

the Organization of American States Wednesday. The extent to which he extolled Jamaica is evi-

The speech was praised most

warmly by Jamaica's prime minis-ter, Edward P.G. Seaga, who called the president's proposals "bold, historic and far-reaching in

concept." Charles A.T. Skeete, the Barbados ambassador, said: "We cannot accept the thesis that any

problems. Development is a little

more complex than that. We would love it if it were that sim-

Shared Assessment

by José Rafael Echeverria, Costa

Rican ambassador in Washington.

who said he had no problems with

the president's concern about

Communist-inspired subversion in

the area. He said Costa Rica

shared the Reagan administra-

tion's assessment of the problems

The diplomats and officials in-

of Central America.

U.S. Deficits

The head of the Congressional Budget Office says that the

United States faces budget deficits of more than \$100 bil-

lion a year "into the foresee-able future." Page 3.

The French government has

mounted a campaign to attract

investment from overseas.

How the campaign is faring is

among the articles in a special

supplement on investment in

U.S. inflation in January rose

3.5 percent on annual basis, its

slowest pace since mid-1980, the U.S. Labor Department

France, Pages 7S-12S.

Cost of Living

reported. Page 15

French Business

The address was also welcomed

one approach can solve all our

102 # the private sector," Cedric Hilburn

CLASSIC Grant, Guyana's ambassador to the United States, said in an inter-

ASSIMP dence of that"

4D EASH!

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Caribbean Diplomats

whatever is prudent and necessary to ensure the peace and security of the Caribbean area," Mr. Reagan said in addressing future policy. He did not go beyond this general statement, despite expectations raised in a presidential news conference last week when he turned aside several pointed questions because of the forthcoming speech.

According to a senior official

**NEWS ANALYSIS** 

who was involved in the prepara-tion of the speech, the words "pru-dent and necessary" were chosen to convey that U.S. engagement would be "not open-ended but very firm."

Secretary of State Alexander M.

Haig Jr., in testimony before the Senate Foreign Relations Commit-tee Feb. 2, said the United States would do "whatever is necessary" to contain the guerrilla threat to El Salvador.

In a Dec. 4 policy statement to the OAS General Assembly in Saint Lucia, Mr. Haig said the United States would join others to do "whatever is prudent and nec-

essary to prevent any country in Central America from becoming the platform of terror and war in In keeping with a White House

In keeping with a White House decision last year that personal involvement with the El Salvador problem could be politically damaging to the president, Mr. Reagan until Wednesday had little to say in public about the growing U.S. involvement in Central America.

Mr. Haig, Edwin Meese 3d, the presidential counselor, Defense Secretary Caspar W. Weinberger and other officials spoke out strongly while Mr. Reagan stood aloof.

The benchmark of presidential involvement in highly visible fashion came at a time of increasing domestic political controversy about the El Salvador-Nicaragna policy and a moment of uncertainty about what happens next in the

officials, a great deal depends on whether intensified guernilla operations in El Salvador disrupt the March 28 national elections and

Mr. Reagan's allegations against Nicaragua, which he described as "a platform for covert military action" for almost two years, appeared to set the stage for heightened tension with that country. Mr. Reagan did not address reports that he had authorized support and encouragement for un-dercover paramilitary operations against Nicaragua.

In a briefing for reporters on the Reagan speech, Assistant Secre-(Continued on Page 2, Col. 1)

# **India Delays Treaty Talks** With Pakistan

package, it is clear the program is assistance package. But we are not intended to promote and stimulate going to expect a miracle overgoing to expect a miracle over-night." Thursday.

Test of Credibility

"They are saying this thing is ine exercise of the right of self-de-available to everyone," Mr. Grant, Guyana's envoy, said. They say

proposals. They said it was important for all three parts of the president's economic package — trade, investment and aid — to gain congressional approval.

Grant, said his government was also waiting to see how much of the promised aid would remain for the Caribbean area when the United States had fulfilled its commitments to Central America. But he hailed the initiative as "a genuine attempt to meet the problems of

His caution was shared by the Haitian ambassador in Washington, Georges N. Leger. "On the positive side, this is certainly an innovation, a new approach," he said. "If it is implemented as described it will give each country

Haiti, the ambassador said, has an opportunity to "test the credibility" of the Caribbean initiative without waiting for congressional action. He is about to resume dis-cussions with the administration on trade agreements between the two countries, negotiations that were suspended while the new policy was being formulated.

you are not being excluded — but you can conceivably exclude your-

Wary of Reagan Plan

Guyana's ambassador, Mr.

Diplomats said they were told plainly in briefings here Tresday and Wednesday that the adminis-tration would be looking for economic cooperation from countries seeking American help. Countries would be expected to remove trade barriers, provide tax incentives and generally show "responsive-

ness" to private investment

Diplomats remarked that the president's speech appeared to have been broken into two parts: the economic package and the strategic assessment of the Caribbean-Central American region, with emphasis on the "dark shadow" of Cuba.

on the relative fortunes of rightist and centrist elements in that bal-

Prom Agency Disputches
NEW DELHI — India has indefinitely postponed the second round of talks on a nonaggression treaty with Pakistan because of a reference by a Pakistani official to a territorial dispute between the two countries, External Affairs Minister P.V. Narasimha Rao said

Mr. Rao said in Parliament that Foreign Secretary R.D. Sathe, who was to lead the Indian delegation, had told Pakistani officials of the decision to postpone the March I

visit "for the time being."

Mr. Rao condemned a statement by a Pakistani official at a Human Rights Commission meeting in Geneva this month in which the official, Agha Hilaly, com-pared the situation in divided Kashmir with that in "Palestine" and South-West Africa (Namibia). India and Pakistan both claim Kashmir and have gone to war

Mr. Hilaly was speaking on the rights of self-determination and Mr. Rao quoted him as saying, "no election held under foreign military occupation or alien domina-tion can be considered as a genu-

Mr. Rao said of the Pakistani statement: "It is inconceivable that so senior and experienced a diplomat could make such a statement without the prior approval of the government of Pakistan, who could not have failed to anticipate the strong reaction in India."
Mr. Rao said he was waiting for

a reply from Pakistan to India's protest remark before deciding the future of the treaty talks.



Chancellor Schmidt listened to President Mitterrand at a news conference Thursday in Paris.

# Schmidt, Mitterrand Plan Measures To Ease Impact of Interest Rates

By Axel Krause ional Herald Tribuni

PARIS - The leaders of France rakis — The leaders of France and West Germany said Thursday they were planning measures aimed at stimulating investments and modernizing their industries, in an attempt to cushion the impact of high U.S. interest rates But in an apparent attempt to

smooth relations with Washington, the two leaders avoided renewing suggestions that the Reagan ad-ministration modify its restrictive monetary policy.

The government-backed mea-sures, which are still in a prelimi-nary phase, were discussed by Chancellor Helmut Schmidt of West Germany and President François Mitterrand of France at

mit meeting in Paris. They declined to provide details. No other initiatives were dis-

closed after the meeting, which was viewed by participants as an attempt to display renewed French-German solidarity despite economic difficulties and diplomatic pressures that have beset relations between the two countries since the Socialist victory in May.

In what officials said reflected new determination to cushion the effects of the high interest rates, the new economic measures will be aimed at stimulating investments and modernizing the innovative capacity of industries in France and West Germany, the declara-

Mr. Mitterrand said that imple-

discussed and completed within the next several weeks by French and West German officials and then would be submitted for consideration to other members of the European Economic Community

"Our finding a solution to U.S. monetary policies is still not yet in a very pragmatic phase, but there is now firm agreement between Bonn and Paris to detach Europe from its effects," an authoritative West German source said.

A range of possible economic steps had been discussed during the meeting by finance ministers of both countries, including possible restriction of transatlantic capital flows, according to authoritative West German sources, but this lat-

(Continued on Page 2, Col. 5)

# Israelis Confine the Golan Druze To Villages on 11th Day of Strike

Prom Agency Dispatcher
TEL AVIV - Israel's northern military commander confined the 11,000 Druze on the annexed Golan Heights to their villages Thursday on the 11th day of a general strike and closed their four towns to outsiders for security rea-

Gen. Amir Drori forbade the Druze to travel from one village to another on the strategic plateau for security reasons, a military spokesman said. The order does not restrict movement inside the

The order in no way implies a curfew," the spokesman said. The Druze began a general strike Feb. 14 to protest the intro-duction of Israeli law on the Golan

and Interior Ministry regulations ordering them to carry Israeli iden-

The military command said the villages of Majdel Shams, Massada, Buqata and Ein Qunya were closed to ontside traffic "to ensure the security in the area" captured from Syria in the 1967 Mideast

The measure represented a toughening in the government's handling of the Druze, who have vowed to remain on strike until the annexation law is rescinded and their detained leaders are released.

The Druze, members of an obscurantist Islamic sect, went on strike after four local leaders, including a former member of the Syrian parliament, were arrested edly calling on residents to resist Israeli rule.

Two other Golan Druze were detained Wednesday under administrative detention, a form of arrest without trial, for inciting the

The newspaper Yedioth Ahro-noth reported that telephone lines to the villages were cut to prevent contacts between the Druze and leftist Arabs in Israel's northern Galilee area. It also said the national water company reduced sup-plies to Majdel Shams, the largest

In a meeting Wednesday between Druze representatives and an official of the Interior Ministry, the Arabs requested that Israeli law not be applied to their villages

tary-administered territory, the Jerusalem Post reported.

the ministry's northern district, as telling the Druze that while the povernment would not rescind Israeli law in the Golan, it would not compel them to become citizens or serve in the military.

Israeli Hints of Lebanon Strike

WASHINGTON (AP) - Israel's new ambassador to the United States hinted strongly Thursday that Israel may soon order a mili-tary strike into southern Lebanon if there is no abatement of the arms buildup there by Palestine Liberation Organization forces. Moshe Arens said the danger to israel is "growing day by day" and
"you might almost say it's a matter
of time" before his government
feels compelled to take "some ac-

tion that would bring about casu-Mr. Arens stopped short of predicting a pre-emptive strike by Israel into Lebanon that could break the existing cease-fire, al-

Corp. officials.

lion is owed directly to the Com-modity Credit Corp., with the col-lection handled by private banks. The rest is owed to private banks but is guaranteed by the CCC.

# Romania Fails On \$5.8-Million Debt to the U.S.

WASHINGTON — Romania has failed to pay the Commodity Credit Corp. \$5.8 million it owes for U.S. agricultural products, becoming the d Soviet bloc country after Poland to go into arrears on its debts to

the U.S. government.

[The United States demanded Thursday that Romania immediately make the payment, the Associated Press reported from Washington.

"We're asking them to bring their"

payments up to date immediately," said Dean Fischer, spokesman for the State Department.) Officials at the corporation, the Agriculture Department's bank, said Wednesday that checks are to be sent this week to reimburse two New York banks handling the col-lection of money due from

Romania on government commodity loans Under a routine financial procedure, First Chicago International

and the European-American Bank transferred the funds to the Com-modity Credit Corp. on dates the money was due. But when the banks were unable to collect from Romania's Bank for Foreign Trade, they notified the CCC and asked for their money back. "It's pro forma. We are under a

legal obligation to the banks," said Deputy Undersecretary of Agricul-ture Thomas A. Hammer. "I would imagine that the next step is for someone at the State Department to go talk to the Romani-

The latest development in the fi-nancial crisis in Eastern Europe raises the prospect of a new political embarrassment for the Reagan administration, which is already facing criticism for allowing Poland's military regime to delay paying its debts.

**Delays Opposed** 

Defense Secretary Caspar W. Weinberger and some congressional officials have argued that permitting such delays reduces pressure on the Soviet Union to cover the financial obligations of its satellites. But President Reagan has decided that Poland will not be allowed to go into default on the ground that it would remove the remaining U.S. political leverage on Warsaw's virtually bankrupt

government. Although Romania, like Poland, is a member of the Soviet-dominated Warsaw military pact, its for-eign policy is considered the most independent in Eastern Europe, and the United States has supported its economic development. Nevertheless, the nonpayment of its debt could increase pressures inside the administration against any new U.S. financial help for Eastern

Europe.
U.S. officials appeared surprised
Wednesday by the development.
Mr. Hammer said he was not aware of the development, which was detailed by Commodity Credit

During Secretary of State Alexander M. Haig Jr.'s trip to Bucharest two weeks ago, Romanian officials reportedly sought promises of a new \$65-million Commodity Credit Corp. loan to buy corn and soybean meal, but Mr. Reagan reected that request last week.

Romania owes the United States \$91.3 million this year under earli-er loans for the purpose of buying commodities. Of that, \$41.5 mil-The uncollected \$5.8 million is

(Continued on Page 2, Col. 7)

# Party Debates Statement on

**Polish Crisis** Hard-Liners Pressing For Stronger Position

By Brian Mooney

WARSAW — The Communist Party's Central Committee, which has been urged repeatedly to toughen up its ideological commit-ments, worked on a resolution Thursday night expected to sup-port the military crackdown in Po-

The tone of speeches indicated that hard-line attitudes were emerging at the two-day meeting, the first to be held since martial

aw was imposed Dec. 13. Official news organizations described debates that were lackluster in comparison to the often fiery discussions during the 16-month period of liberalization identified with the Solidarity trade union

The debates Thursday included repeated calls for increased ideological indoctrination and a demand from a representative for the abolition of the independent free trade union.

**Restrictions Continue** 

The military authorities suspended the union when they seized power in December, and there was no indication from the Central Committee that discussions were being held on easing any restric-

At the opening session of the Central Committee meeting Wednesday, the country's premier and party leader, Gen. Wojciech Jaruzelski, said martial law could not be eased as much as he hoped because of continued internal resistance and because of pressure created by Western sanctions.

Supporting the campaign by Communist hard-liners to dissolve Solidarity, the party newspaper Trybuna Ludu printed a letter from a worker demanding that the union's leaders be tried alongside the men of the era of a disgraced former party chief. Edward

Official reports underlined the extent of the battle being waged against Solidarity activists and their sympathizers in the courts.

The army daily Zolnierz Wol-

nosci reported that military pro-secutors had challenged 118 sentences on the ground that they were too lenient. In 20 cases, the sentences were increased.

New Investigations

Thirty people had been tried and convicted by courts martial and another 61 investigations against 106 people were initiated last week, the army daily said. In addition, about 300 people have been sentenced by civilian courts under summary procedures (Continued on Page 2, Col. 3)

# terviewed all emphasized that their governments wanted to see more details of the president's economic Israel Shows Off 'Progress of Peace' INSIDE

# Egyptian Reporters Taken on Tour to See Preparations for Return of Sinai

New York Times Service SHARM EL SHEIKH, Israeli-Occupied Sinai - The group of Israelis and Egyptians stood quietly near the edge of a precipice over-looking the Red Sea and watched the last dazzling play of daylight as the sun set behind the granite mountains of the Sinai Desert.

which Israeli Air Force officers and government officials had pro-vided a tour for Cairo-based journalists, most of them Egyptians, of the last part of the vast peninsula that Israel is scheduled to return to Egypt by April 25. The Israeli Air Force was the host of the one-day excursion a week ago and the intent was clear:

The Israelis were eager to show the

Cairo press that, despite rumors to the contrary, Israel was preparing to end the presence it has main-tained in the Sinai since the 1967 war and was getting ready to leave in accordance with the terms of the Camp David peace treaty.

About 50 journalists left Cairo early in the morning on an Egyp-tian military plane that normally carries paratroops and flew to Isra-el's Eitam Air Base in the northern Sinai, in an area called The Ghor.

They were met by air force offiress of peace is a very tangible one, a very real one," said the colonel, who lived in Cairo until he was 11

the terms of the treaty are kept. Americans at Work

of American civilian technicians who are building houses and other facilities for the force. Col. Porat said most of the permanent struc-pres at the Israeli base would go to the Egyptians on April 25 but that the prefabricated buildings and other easy-to-dismantle structures would be retained by the Is-

Sharm el Sheikh. carnations. For some of the Egyptian journalists, it was the first time they had set foot on Israeli

The group boarded two buses for a quick tour of Filat's tourist area, and an Israeli official delivered a glowing talk about the city's attractions. Southern Sinai begins a few miles south of Ellet, and it is there that the border between Egypt and Israel will be established by April 25.

The visitors were taken to the three spots along the southern. Sinai coast where Israel has established settlements and tourist attractions. The stops were at Nuweiba, where the tourist site has been closed and which is nearly empty now; Dahab, where the government-run hotel is due to close soon and the Israelis who grow flowers for export are to leave, and, finally, Sharm el Sheikh.

The Israelis have a settlement at the southern tip of Sinai called Ophira, where there are still a few hundred people. The buses briefly toured the settlement but the visitors were not allowed to get out and talk to anyone. An Israeli official said that Ophira, like the northern Sinai settlement of Yamit contained some settlers who

Cairo at the end of day trips. "I hope," Col. Porat said, "that soon I can visit here and that may-



Israeli soldiers unload coils of barbed wire near Rafah in the occupied Gaza Strip for a fence that will run along the new frontier between Egypt and Israel after the Sinai is given back to Cairo.

# **TOMORROW** Just Browsing

A guide to English-language bookstores in Europe — one bibliophile's selection of names, addresses and phone numbers — appears in the Weekend section. By William E. Farrell cers, were served breakfast and heard a talk in English and Arabic by Col. Yehuda Porat. "It should be clear by this visit that the prog-

"Try to imagine four years ago such a visit in the newest air base of the Israeli Air Force," Col. Po-rat added. There were nods of It was the end of a long day in The Eitam installation will be-

come an Egyptian civilian airport after April 25. Fijian and Colombian members of a multinational military force that will live in the complex will begin arriving near the end of March to ensure that

The visitors were shown teams

At one point, a jumble of people

at the site consisted of American construction workers, Israeli military men, Egyptian reporters, members of the foreign press corps based in Cairo, Israeli reporters and local Bedouin laborers. The Egyptian military plane next flew to Israel's southern port

of Eilat, where a road to the south

built after the 1967 war runs for

150 miles through southern Sinai until it ends at the southern tip of The plane landed at Eilat's commercial airport and those on board were greeted by Israeli women in military uniforms who handed out

At the border site, in addition to Egyptian and Israeli land, it is pos-

might insult the visitors.
The Egyptian plane was waiting at the Sharm of Sheikh sirstrip. It was dark, and the small airport lounge was filled with people from

be one of you will guide me around." The group applauded and boarded for the flight to sible to look across the water at the Jordanian port city of Aqaba and, just south of Aqaba, the desert

# © In Ravaged Beirut, Hijackers Free 105

Washington Past Service BEIRUT — Sheikh Abdul Amir

Qabalan, a Shiite Moslem leader wearing a white turban, black beard and gray robes, sat at the control tower microphone and spoke to the gummen holding an airliner on the tarmac below.

"By everything that is holy to us, listen to my words," he exhorted them. "This is not a Libyan plane. It is a Kuwaiti plane. Oh, brother Hamze. This will not help the cause of the Imam Musa Sadr."

Crackling from the blue-and-white Kuwaiti airliner came the response from the man called Hamze, who with a dozen young comrades packing AK-47 assault rifles had hijacked the plane hours earlier: "It is not possible for us to come out of this plane... until the Imam Musa Sadr returns safe and

sound,"
By Thursday morning, however, Hamze and his fellow terrorists had left the plane. The 105 passengers and crew members had been ringing the airport had returned to that was supposed to have ended their positions — and Lebanon's the war more than five years ago. integrity had been bruised again in the name of another improbable cause from among the many here whose main expression is brutality.

jacking by gunmen demanding the return of Imam Sadr, spiritual leader of Lebanon's 950,000 Shiite Moslems, who disappeared on a trip to Libya in 1978 and is widely believed to have been murdered by Libyan secret police. On Tuesday, it was a pair of car bombs on a crowded seaside mar-

This time it was a nine-hour hi-

ket street, that killed seven civilians and set fire to shanty-style shops thrown up by traders whose are real, even though stained by traditional marketplace was blasted apart long ago in Lebanon's civ-

Overlapping both was a conflict in the northern city of Tripoli pitting street armies against the Syrian-financed and -armed Arab Democratic Party militia, backed by paratroops from the 22,000-

An American returning after an absence of 19 months to this world of violence, threats of violence and traces of violence finds the array of conflicts so varied as to seem madcap, and the lineup of causes so intractable as to seem hopeless.

But the deaths and the grief they cause are real. Although estimates vary, the most conservative say more than 50,000 people have died from acts of war and terrorism in Lebanon since the country flew apart in 1975.

The causes and the conflicts also quick resort to violence. This was brought home with rare clarity as Sheikh Qabalan and others in the control tower conversed through the night with Hamye and his band inside the Kuwait Airways Boeing 707.

Hamze complained that Lebanon had not done enough to press man Syrian force whose official the search for Imam Sadr or presmission is to police a cease-fire sure Libya's Moamer Qadhafi to

account for the disappearance. He insisted that the Lebanese state break relations and call a UN Security Council debate on the imam's fate.

"There is no Lebanese state," retorted Sheikh Qabalan. "If there was a Lebanese state, this thing would have been solved a long time ago.'

After almost nine hours had gone by since Hamze and his comrades took over the plane, he began to relent. At 1 a.m. Thursday he allowed a Syrian security office to come aboard, followed by a leader of the Shiite militia.

Half an hour later, most of the passengers descended. Six Libyan and two Lebanese passengers were kept as hostages as Hamze and his team drove off with the Syrian officer to a Syrian Army position. By 6 a.m. the eight had been released. Authorities refused to divulge the fate of Hamze and his comrades. A Lebanese official said this was Hamze's seventh hijacking or at-

tempted hijacking in the name of the missing imam.

# EEC Asks \$420-Million Cut in Soviet Imports

BRUSSELS — The EEC Commission proposed Thursday a cut of about \$420 million in Soviet imports as part of the Common Market's response to martial law in Po-

Greece opposed the proposal. ission asked member governments to make the cuts by imposing or raising quotas on products selected from a list drawn

up by the commission. The list was not made public in an effort to avoid speculative trading before member governments make final decisions. But a commission spokesman said the products include tools, machinery and fabrics - not just the luxury items like caviar, furs and diamonds that most Common Market governments have been mentioning as

possible sanction targets.

The spokesman said the value of imports on the list totaled \$840 million in 1980. Under the commission proposal this would be cut in half. If approved, overall Soviet imports to the 10 countries of the European Economic Community would be cut by 4 percent.

"The figures in themselves are not the most important aspect," said Louis Kawan, the commission official in charge of trade with the Soviet Union and its allies.

**Turning Point** 

Mr. Kawan said the "proposal to cut trade with the Soviet Union. not expand it," was a turning point.

Common Market foreign ministers voted Tuesday to impose the

(Continued from Page 1)

tary of State Thomas O. Enders

said that the flow of arms from Ni-

caragua to El Salvador had "in-

creased enormously" to levels that

were "by far the highest that have been known," exceeding even those reported before the guerrilla

No Evidence Given

yond previous U.S. estimates of re-

cent weapons shipments and was

said by officials to be based on

new intelligence. In the face of continuing denials by the Nicara-

guan government and questions

from reporters, however, neither

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Mr. Enders' statement went be-

offensive of January, 1981.

displeasure over what they view as Soviet instigation of the Dec. 13 martial-law crackdown in Poland. Earlier in the week, a 50-percent cut in selected goods was viewed as

the strongest response possible. Greece, which has rejected the use of economic sanctions as a response to the crackdown in Poland, voted against the proposal. Normally, Common Market decisions must be unanimous. But under a rarely invoked rule, a majority vote can be sufficient as long as the commission takes steps to make sure the opposing country in this case Greece — is not affect-

While it voted for the sanctions,

ence that as of 10 days ago the authorities were holding 4,140 inter-

Under martial law provisions.

Poles can be held indefinitely with-

out trial in internment camps.

Church and other sources have complained of bad conditions in

some detention centers, but Red

Cross officials refused to com-

Roman Catholic bishops held a

duced evidence to back up the

erally favorable but less enthusias-

tic and some predicted that the

plan would run into trouble be-

cause of resistance to foreign aid at

Some farm-belt legislators also expressed concern about the duty-

free imports of Caribbean prod-

ucts envisaged in the plan. Sen. Charles H. Percy, Republi-

can of Illinois and chairman of the Senate Foreign Relations Committee, predicted the plan would

receive "strong bipartisan sup-port" and said he would schedule

hearings on it as early as mid-

'On the Right Road'

O'Neill Jr., Democrat of Massa-

chusetts, said he believed Mr. Reagan was "on the right road"

and that the program was likely to

pass the House despite opposition based on economic conditions in

Alan Cranston, Democrat of

California, the assistant minority

leader in the Senate, applauded the principles of the plan but opposed

expanded aid to the Salvadoran

junta while it refuses to negotiate

with the insurgents.
Sen. Larry Pressler, Republican
of South Dakota, said, "It's going

to be very tough to come up with the money, to put it bluntly."

Mr. Reagan's personal involve-ment on Capitol Hill, matching his

new visibility on the trouble in Central America, would be re-quired to translate Wednesday's

There seemed little doubt that

the United States.

speech into law.

House Speaker Thomas P.

a time of heavy domestic budget

nees after releasing 2,520.

A Reagan Stamp on U.S. Role

opposes any decision-making that is not unanimous. A commission spokesman said the Danish reservarion may be lifted.

Russia Develops Gas Pumps

BONN (Reuters) - The Soviet Union, seeking to overcome U.S. trade sanctions over Poland, has successfully tested its own pumping equipment for a planned gas pipeline linking Siberia and Western Europe, the Soviet news agency Novosti said Thursday.

A Novosti report distributed in

West Germany said the new Soviet pumping system, comprising a gas turbine and a two-stage rotary compressor, had a 25-megawatt ca-

pacity, matching that of the best equipment produced in the West. Under sanctions announced in December, the United States barred exports of rotor blades and other turbine components that would have been supplied by Gen-eral Electric to AEG-Telefunken, a West German firm.

AEG has contracted to build 47 gas turbines for the multibillico-dollar pipeline, which is due to be-gin operations in 1984. The company eventually is expected to supply West Germany and other West European countries with 40 billion cubic meters of gas a year.

The Novosti report said Soviet engineers had been working on the

# Party Debates Statement on Polish Crisis

(Continued from Page 1) meeting Thursday and church offifor politically related offenses such cials said they would issue a stateas organizing strikes, publishing ment on the situation Saturday. It illegal leaflets and carrying on un-ion activity, according to the offiwould be the first major church pronouncement since the primate, Archbishop Jozef Glemp, returned from talks in Rome with Pope cial press agency PAP. An official of the International Red Cross said at a press confer-John Paul II.

Hopes for Unity

ing, speakers talked of a need to agreement" during the Solidarity restore the unity of the party, period. which was badly shattered by the 1980 worker revolu

There were also echoes of the anti-American speech with which Gen. Jaruzelski opened the meeting Wednesday, accusing the Reagan administration of attempting to destabilize the situation.

Mieczysław Wojcik, a party leader in the northern town of Slupsk, said "firebrand propagan-da, backed by subversive centers in the West" had influenced Polish charges.

After a series of White House program to immunize the party public opinion, and he called for a cate that he has still not come up briefings before the speech, some and society against it.

dorsed the Caribbean Basin economic initiatives, others were genoptimistic, arguing that Poland tial law."

continued to be threatened by anti-Communist forces.

Mieczysław Rakowski, a deputy prime minister who has emerged as a key civilian politician since the military takeover, supported Gen. Jaruzelski's contention that national accord was still possible. He disassociated himself from hard-At the Central Committee meetthe government's "line of national

**Washington Responds** 

WASHINGTON (UPI) - The State Department said Thursday that the Polish leadership's atternot to blame the United States for the indefinite continuation of martial law was "absurd." A statement issued Thursday

purchase the British aircraft carrier Invincible to replace the Austrawith a meaningful plan for restorlian flagship Melbourne, Defense Minister Jim Killen announced. ing Poland's political and econom-The 19,500-ton Invincible was posed by the Sandinistas, who now built for £175 million (\$320 mil. rule in Nicaragua. lion) 18 months ago. Australian Labor opposition leader Bill Hay-den described the ship as a "white elephant," saying that Australia did not need an aircraft carrier for



mocracy.



President Reagan holds an old Voice of America microphone given to him during a visit to the studio in Washington to celebrate the radio's 40th anniversary of broadcasting.

## Citing His Sportscasting Career, Reagan Defends Improvisations Los Angeles Times Service

WASHINGTON — President Reagan, whose skills of communication are widely heralded, has said he learned during an earlier career about the importance of "attractively packaging" the truth. The president recalled Wednesday for an amused audience during a 40th-birthday celebration at the Voice of America how he often improvised the facts while re-creating baseball games as a radio announcer.

"But the truth got there and, in other words, it can be attractive ly packaged," be said. Mr. Reagan has often recounted his verbal dexuerity as a play-by-play sportscaster — making up much of the action as he sat in a studio far from the stadium — but rarely has he concluded with the point that embellishing the truth does not

"I haven't heard that twist before," said an administration spokesman, who was among the audience of about 500. The president's comments, made at a time when he is being increasingly criticized for occasionally misstating facts, particularly during news conferences, were inserted into a brief speech whose basic theme was the importance of truth.

Bonn, Paris Discuss Economy

ans." he said

Capt. L.J. Bradley of the hijacked Kuwaiti jetliner in Beirut.

Tass Says Reagan Plan

Would Aid Repression

ans.

coast of U.S. and other NATO na-

val forces later this month. These

maneuvers were described as an at-tempt to "blackmail" the "inde-

Tass ridiculed Mr. Reagan's

assertions that Soviet and Cuban

weapons were being channeled to leftist guerrillas in El Salvador. It said Mr. Reagan's plan was de-

signed to use that as a pretext to

"strangle the mounting national

liberation movement of the people and to perpetuate U.S. neo-coloni-alist domination."

U.S. Accuses Nicaragua

State Department accused Nicara-

gua Thursday of mounting "mas-sive assaults" and "barbaric at-

tacks" against the country's Indi-

formed into a repressive, threaten-

ing Marxist-Leninist oligarchy and

other states in Central America,"

Elliott Abrams, an assistant secre-tary of state, told the Senate For-

Human Rights Bureau, expanded

on charges that President Reagan made against Nicaragua's leftist leaders Wednesday in his speech outlining an aid plan for the Carib-

bean area and Central America.

"A clear indication of the soci-

ety they seek is their treatment of

the Miskito, Sumo and Rama indi-

ans - left unmolested by Somoza

- now subject to massive assaults

by the Sandinistas," Mr. Abrams

said. Anastasio Somoza was de-

repressive actions are of deep con-

cern to us, by far the most disturb-

ing are its barbaric attacks upon

the Miskito, Sumo and Rama Indi-

eign Relations Committee.

Nicaragua has been trans-

base for violent attacks upon

Mr. Abrams, who heads the

WASHINGTON (UPI) - The

pendent states" in the region.

By Dusko Doder

hington Post Service

MOSCOW — Tass Thursday

night denounced President

Reagan's military and financial aid package for Caribbean nations as

an attempt to shore up "blood-

stained repressive regimes" trying

to strangle the desire of the re-

gion's people for freedom and de-

Reagan's plan announced Wednes-day, Tass said the United States is

planning to "destabilize" the "progressive" regimes in Cuba, Nicara-

gua and Grenada while simulta-

In a quick response to Mr.

(Continued from Page 1) ter option was apparently aban-

In the declaration, the leaders emphasized their commitment to expanding cooperation in political, security and industrial spheres.

Asked if the talks had marked a turning point in French-German relations, Mr. Mitterrand said

"there has been a deepening, we have gone further." The two leaders used tough language - publicly aligning them-

selves on a common position — in condemning what they termed "repressive" measures taken in Poland "under the pressure from and with the assistance of the Soviet The alignment followed earlier differences in their reaction to

their eighth meeting since Mr. Mit-terrand's victory, called for continuing East-West efforts to control and reduce the arms buildup. Regarding strained transatlantic relations, the two leaders said they considered it vital that solidarity be tightened between the United

events in Poland. The leaders, in

States and other members of the Atlantic Alliance, including through consultations. Answering questions at a news conference at the Elysée Palace, Mr. Mitterrand said it would be incorrect to talk of fundamentally strained relations in the alliance

stemming from U.S. monetary pol-The fundamentals of our relations, their permanence, their solidity are not in question .... We need to talk to be able to improve the climate at a time when it has a tendency to deteriorate," the

French leader said. Mr. Mitterrand, asked about President Reagan's new economic and military aid plan for the Caribbean, noted continuing differences between France and the United States regarding events in

Central America. French policy was aimed at helping oppressed peoples "avoid the solution of despair," he said.

But commenting specifically on the economic part of the U.S. program, he said: "It isn't exactly the way that France would have un-dertaken it, but [the Americans] are going in the right direction." The two leaders avoided public

discussion of relations with Britain over the tense EEC farm and budgetary issues besetting the community. Authoritative West German sources said that a key phrase in the declaration meant that Bonn and Paris expected the Thatcher government to be cooperative, but the two leaders apparently wanted to avoid creating the impression they were pressuring London. As part of an effort to enhance

Western Europe's weight in the world, the declaration stated, "the community must without delay re-solve the difficulties which are currently hampering its work and development in a spirit of solidarity that transcends the interests of each of its member states."

# Industrial Protests Spread in Belgium

Resters
BRUSSELS — Industrial unrest spread on Thursday in Belgium's depressed south as workers in Charleroi staged a 24-hour strike against a government-ordered wage freeze and other austerity measures. The protest halted work in the city's huge steel and electrical industries.

The Liège plants of ailing steel giant Cockerill-Sambre also were closed as thousands of workers continued a protest over job losses and a European Economic Community plan to restructure the in-dustry. Newspapers have said the plan could mean the loss of another 3,500 jobs in Belgium. A delegation from unions repre-

senting Liège's 14,000 steelworkers is to visit the EEC Commission Friday to discuss the rescue plan with industry commissioner Etienne Davignon and with the Belgian economic affairs minister, Mark Eyskens. The unions will then decide whether to recommend a return to work

# **WORLD NEWS BRIEFS**

# Judge Orders March 9 Hinckley Trial

The Associated Press WASHINGTON - A federal judge on Thursday ordered John W. Hinckley Jr., accused of shooting President Reagan last March 30, to stand trial beginning March 9. Government attorneys said, however, that they were considering proceedings that could delay the trial.

Mr. Hinckley is charged in a 13-count indictment with attempting to kill the president. Press Scoretary James S. Brady and two other men were also wounded in the attack. "The defendant... has been examined and re-examined by every expert in the field of psychiatry and psychology available." U.S. District Judge Barrington D. Parker said in ordering the trial.

# Fugitive Arms Dealer Held in Spain

NEW YORK - International arms dealer George Q. Korkala, one of the most wanted men in the United States, was arrested Thursday in Madrid while attending an exhibition of electronic security devices, the Manhattan District Attorney's Office said.

Mr. Korkala, 41, fled the United States last year with his partner, former CIA agent Frank Terpil, to avoid trial on charges of attempting to sell 10,000 machine guns to undersover agents posing as Latin American revolutionaries. Mr. Korkala and Mr. Terpil, 42, were sentenced in absentia to prison terms for selling the British-made machine guns. Mr. Terpil is also wanted in the United States on charges of running a guerrilla training school in Libya and shipping explosives devices there.

## Party Challenge to Haughey Dies United Press Interne

DUBLIN — A challenge to the party leadership of Charles J. Haughey failed Thursday and he won unanimous endorsement from Fianna Fail as its nominee to be-Ireland's premier.

The challenge was organized by Desmond O'Malley, a minister in previous Fianna Fail governments. Mr. O'Malley was unhappy because the party, under Mr. Hanghey's leadership, had failed to win a clear majority in two consecutive elections. But at the last moment Mr. O'Malley refused to allow his name to be placed into nomination.

In elections last week, Fianna Fail won 81 seats in the 166-seat parliament. Premier Garret FitzGerald's Fine Gael-Labor coalition won 78.

# Spanish Communists Dispute Report

The Associated Press MADRID - The Spanish Communist Party asked Thursday for an investigation into the government's intelligence agency after a report introduced at the trial of 32 rightist military men accused of an attempted coup said the party was prepared to attack army headquarters if the putsch had succeeded.

The party denounced the report as false and said it was intended to damage "democratic political parties" as well as King Juan Carlos. A statement read by the party's general-secretary, Santiago Carrillo, termed the introduction of the report a maneuver "to convert the trial of the military men into an indictment of democracy." He said "it imputes to our party something radical and absolute false." The trial of 32 officers, including three generals, and one civilian was recessed until Friday,

# Atlanta Murder Trial Nears End

United Press Internations ATLANTA — The prosecution and the defense ended their cases Wednesday after Wayne B. Williams' mother told the court that her family has been ruined, but the prosecution had not produced any evidence that her 28-year-old son was a killer.

The end came less than an hour into the 35th day of testimony in Mr. Williams' trial for the murder of Nathaniel Cater, 27, and Jimmy Ray Payne, 21, two of the 28 young blacks abducted and murdered in Atlanta over a 22-month span.

Mrs. Faye Williams, 64,the defense's final rebuttal witness, left the stand at 9:55 a.m. and the defense rested. Superior Court Judge Clarence Cooper set final arguments in the case for Friday.

## U.S. Dismisses Soviet Talks Offer United Press Interna-

WASHINGTON — The State Department said Thursday a proposal by Soviet President Leonid I. Brezhnev for nuclear arms talks amounted to propaganda. "We don't see anything new," spokesman Dean Fischer said. "It appears to be a compendium of standard Soviet positions." Mr. Brezhnev called Wednesday for major reductions in nuclear arms

by both the Soviet Union and the United States, "Soviet claims of interest in arms reductions will be seen in negotiations and not in propaganda statements." Mr. Fischer said

# Britain Approves Increase While all of the Sandinistas In Transatlantic Air Fares

The Associated Press LONDON - Britain's Civil Aviation Authority has approved in-creases in transatlantic air fares of

Monday, it was disclosed Thurs-A CAA spokesman said an addi-

from 15 to 20 percent effective

tional increase averaging 8 percent would take effect May 1. Starting

# Romanians Fail on Debt (Continued from Page 1)

owed directly to the Commodity Credit Corp. On Jan. 30, First Chicago International notified the CCC that it could not collect \$319,128.65. On Tuesday, Europe-an-American Bank advised the agency that Romania had not paid \$5,465,259.54 due in December and January.

In November, The International Monetary Fund suspended Romania's right to draw new credits and reportedly is insisting on substantial reforms in Romania's rigid, Soviet-style economy as a condition for continued financing.

Banks Open Talks FRANKFURT (UPI) - Talks

began Thursday between eight Western banks and representatives from Romania on a debt of about \$1 billion for 1981 that the country is unable to pay,
Romania, with an estimated total debt of \$10 billion to \$14 bil-

lion, was reported to be hoping for an arrangement to reschedule the \$1 billion. After Poland, Romania owes Western banks more money than any other East bloc country.

Monday, the cost of a one-way economy fare between London and New York will be £143 (about \$263) on Pan Am, TWA, British Airways and British Caledonian. It will rise to £155 May 1. The current fare is £124. An application by Air Florida for similar increases has yet to be approved, the CAA spokesman said.

The increases, first applied for last fall by members of the International Air Transport Association — before Laker Airways went broke — were sought because of the higher costs of jet fuel, labor, route navigation charges and air-port handling fees.

Because of this and declining

passenger traffic, IATA members reported a loss of more than \$500 million last year.

# Kenya's President Shifts Officials

NAIROBI — President Daniel Arap Moi ordered changes in his government Thursday that affect-ed Cabinet ministers, deputy ministers and permanent secretaries in many ministries. Although many ministers were moved around in

the Cabinet, no one was dropped.

The changes meant a loss of power for some of the country's most powerful figures. Vice President Mwai Kibaki lost the finance portfolio to Arthur Magugu, who had been health minister, but Mr. Kibaki was given the home affairs

The Home Affairs Ministry had been headed by Charles Njonjo, who remained in the Cabinet as constitutional affairs minister.

# Begin Says Schmidt Should Ask Jewish People for 'Forgiveness'

JERUSALEM - In the revival of a nine-month-old feud with West German Chancellor Helmut Schmidt, Israeli Prime Minister Menachem Begin said Thursday that Mr. Schmidt should "go down on his knees and ask the forgiveness of the Jewish people" for the Nazi extermination of Jews during World War II.

Reacting to a report in the newspaper Yediot Ahronoth that quoted the chancellor as saying he would not visit Israel until Mr. Begin apologized for remarks in the same vein that he made last May, Mr. Begin repeated his earlier accusation that throughout the war Mr. Schmidt had remained faithful to his oath of allegiance to Hitler.

[West Germany denied Thursday that Mr. Schmidt ever de-manded an apology from Mr. Begin, United Press International reported from Bonn. Government spokesman Kurt Becker called the report pure fantasy, UPI said.]

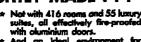
In a statement issued by his office, Mr. Begin said Mr. Schmidt was the leader of a nation "which bears the historic responsibility for the extermination of 6 million Jews, amongst them 14 million

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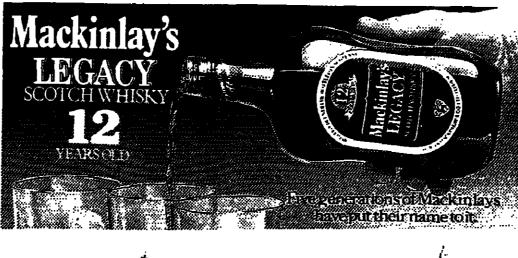
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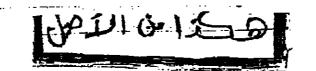
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# Watt Accused of a Misuse Of Funds for 2 Receptions

WASHINGTON — Government auditors have reported that the interior secretary, James G. Watt, improperly used about \$4,300 in government funds to throw two Christmas receptions at the historic home of Gen. Robert E. Lee, the commander of the Confederate's armies in the Civil War.

However, Mr. Watt and members of his staff apparently are going to resist paying the bill because they believe that, as he put it Wednesday, "we did it the same way every-

"What would make it illegal for us would have made it illegal for previous administra-tions," Mr. Watt said Wednesday. He added that although he did not know the details of the legal opinion, "I just know it was a great

Douglas Baldwin, Mr. Watt's chief spokesman, disputed the General Accounting Office finding that the money was used improp-

## Legality of Events

"The department carefully researched the free department carefully researched the procedures, propriety and legality of the Lee Mausion events before they occurred," Mr. Baldwin said. "We are convinced that everything about them was handled correctly. If the GAO has come to any other conclusion, the GAO is in error." The opinion from the GAO said that Mr.

Watt was not authorized to use operating or donated funds to pay for a breakfast Dec. 14

donated funds to pay for a breakfast Dec. 14 of Cabinet wives hosted by Mr. Watt's wife, Leilani, or a cocktail party Dec. 17 for about 200 people, including high-ranking officials. The cocktail party, which the GAO said could be paid for with the remaining \$4,500 in Mr. Watt's official reception fund, cost \$6,921, according to the report. The breakfast cost \$1,921, including \$48 for placards telling the public that the mansion, called the Arlington House or the Custis-Lee Mansion, was closed to the public during the event. was closed to the public during the event.

The mansion, once owned by Martha Washington's family, is a porticoed, antebellum house that overlooks Arlington National Cemetery. It has been designated an historic site and is a popular tourist attraction.

However, the GAO rejected a Department of Interior argument that funds denated to it could be used to pay for the event because the visits of the guests "were designed to ac-quaint them with the historic significance of the house."

The GAO said that the breakfast and the remaining cost for the cocktail party, after the \$4,500 from the official reception fund is expended, "must be paid for by the Interior



Interior Secretary James G. Watt

officials who authorized the expenditures." Mr. Watt said he had no plans to appear Friday at a hearing on the issue before a House Interior subcommittee. Subcommittee aides said they had been told that Mr. Watt saw the House session as a "publicity stunt" by Democrats on the panel.

By Robert Reinhold New York Times Service

WASHINGTON - Abuse of il-

school seniors all over the country. It strongly suggests that the reason for the trend is that young people are beginning to take seriously warnings that drug abuse poses significant health and psychologi-

Probably the most dramatic finding is a substantial decline in the number of students who say they regularly smoke marijuana by far the most widely used illicit substance - on a daily basis. Whereas one in every nine highschool seniors said they were daily users in 1978, the proportion had dropped to one in 14 by last

stable in the last year. The only significant exception was stimulants, such as amphetamines, with more than a fourth saying they had tried them during the previous 12 months, a 25 percent increase over

Declines were found in use of tranquilizers, hallucinogens — par-ticularly PCP, widely known as an-gel dust — and in amyl and butyl nitrites, liquid inhalants known on the street as "poppers" that are sold legally. Barbiturates, LSD, heroin and methaqualone, better known as Quaaludes, showed no significant change. Cocaine use remained about stable, with 16.5 percent saying they had tried it during the year.

Moreover, even those who continued to use drugs reported that they now tended to consume smaller amounts and to stay high

family would end up with \$40 less

in monthly disposable income if the mother took a job paying \$486 a month, the average for working

The principal author of the study, Thomas C.W. Joe, was a welfare official in the Nixon ad-

ministration. The center has a rep-

utation among social scientists as being one of the most reliable

sources of nonpartisan informa-

dent's proposals for cutting welfare, food stamps and other bene-fits might discourage work effort

welfare population, can best afford

the reduction in benefits. In addi-

tion, they say that poor people sometimes choose to work to en-

better job in the future.

Reagan administration officials have acknowledged that the presi-

tion on welfare matters.

welfare recipients in the state.

Michigan - said that drug abuse among American youth remained high. They conservatively calculated that two-thirds of the class of 1981 had tried at least one illicit

drug during the year.
"We judge these still to be very high levels both in absolute terms and relative to other countries," their report stated. "In fact, they are still probably the highest levels of drug abuse among young people to be found in any industrialized nation in the world. Thus, while some improvements are definitely beginning to emerge, the problems of drug use and abuse are still a very long way from being solved."

The survey, performed in 130 public and private schools selected to provide a national cross section of seniors, has been taken annually since 1975 by the Institute for Social Research at the University of Michigan under contract to the National Institute on Drug Abuse.

Taken under a special dispensa-tion from the Justice Department that permits no U.S., state or local police authorities to obtain person-

Nearly 60 percent of the 1981 students said they believed regular marijuana users faced a "great risk" of harming themselves - up from only 35 percent three years ago. And the students consistently their friends and families.

reported mounting disapproval by

Democrats voted against. The chairman of the committee,

## **Congress Aide Sees Higher Deficits** Watts Voted In Contempt 4-Year Projection Is Far Grimmer Than Reagan's Totals

the foresceable future," even if

President Reagan's embattled

budget proposal is passed essen-

tially intact.

Secretary Withholding Subpoenaed Documents

By Committee

The Associated Press
WASHINGTON — The House Energy and Commerce Committee voted Thursday to cite Interior Secretary James G. Watt for con-tempt of Congress for his failure to produce subpoensed documents.

The 23-19 vote sends the issue to the full House. If he is held in contempt by a vote there, he would be subject to criminal prosecution in the U.S. District Court in Wash-

The dispute involves 11 executive branch documents dealing with Canadian energy and invest-ment policy. The subcommittee was investigating whether Canadipolicies discriminate against U.S. investors and merit retalia-

Mr. Watt has turned over 20 of the 31 documents originally sub-poenaed by the panel, but he withheld the remainder on orders from President Reagan.

The administration maintains the documents deal with high-level consultations on foreign affairs and are protected by executive

The committee says the claim is purious. It notes that one of the 20 surrendered documents, which earlier also had been covered by the executive privilege claim, was

prepared by a summer intern for a mid-level bureaucrat. "If documents of this kind can be withheld on the basis of execu-tive privilege, then virtually every document within the entire executive branch of government can be secreted away," the committee said in a memorandum for its mem-

Moreover, while the remaining Il appear to be higher level in nature, none of them were prepared for the president or directed to him," the committee said.

A contempt citation by the full committee would carry the issue to the full House, and a vote there against Mr. Watt would lead to criminal proceedings. Contempt of Congress is a misdemeanor, punishable by up to a \$1,000 fine and

up to a year in jail.

On Monday, Mr. Watt said his possible contempt citation would be "an ideal case" for the Supreme Court - and a conviction must exist before an appeal can be made.
The vote in the House was gen-

erally along party lines. Twenty-two Democrats and a Republican voted to cite Mr. Watt for contempt; 17 Republicans and two

Rep. John D. Dingell, Democrat of Michigan, said the issue was not partisan. It involved, he said, an improper claim of executive privilege by President Reagan.

projected by the administration WASHINGTON - The head of and ontlavs significantly higher."

She said the problem is not the the Congressional Budget Office told the Congress Thursday that the nation faces budget deficits of more than \$100 billion a year into result of the current recession and warned that large deficits could "seriously impair the overall performance of the economy over the

longer run."
The budget office estimates deficits for 1983 through 1985 at about \$390 billion, compared with the administration estimate of about

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Appearing before the Senate Appropriations Committee, Alice M. Rivlin, the budget office direc-\$246 billion.
Mrs. Rivlin said that about \$100 tor, forecast deficits of \$111 billion this fiscal year, \$121 billion in 1983, \$129 billion in 1984, and billion of the discrepancy is the result of differing estimates on the impact of government programs ---\$140 billion in 1985 — all well chiefly military spending, farm price supports and receipts from above the president's estimates. She said the budget deficits offshore oil leases.

could be even larger "if tight credit conditions produce a weaker econ-Another \$44 billion results from less optimistic assumptions about outlook produce a weaker economy," and she called the budget outlook "very grim."

In contrast, Mr. Reagan's budget predicts a pattern of declining deficits: \$98.6 billion this year, \$91.5 billion in 1983, \$82.9 billion in 1984 and \$71.9 billion in 1985.

Ms. Rivlin said her estimates asthe performance of the economy, she said. The budget office forecasts less economic growth, higher inflation, higher unemployment and higher interest rates beginning in 1983 than does the administra-

Ms. Rivlin said her estimates assume that Congress will grant Mr. Reagan's request for billions of dollars in spending cuts and other deficit-shrinking measures. Even The Reagan administration, meanwhile, has been sounding out Congress on its own ideas for reducing the deficits in the president's 1983 budget plan.
On Tuesday, Republican Sen. so, she said, government revenues "are likely to be slightly lower than

Pete V. Domenici of New Mexico. chairman of the Senate Budget Committee, offered a plan to trim the deficits by cutting the proposed increase in military spending, boosting some taxes and possi-bly postponing the last year of the three-year cut in personal income tax rates. Congress adopted the tax

cut last year. Larry Speakes, the deputy presidential press secretary, said that Sen. Domenici's proposal was being circulated in the White House, where its figures were being checked.

Mr. Speakes said it was "too early to tell" whether the plan could lead to a bipartisan compromise, such as that drafted with administration assistance last year.

Treasury Secretary Donald T. Regan, appearing before the Senate Budget Committee Wednesday, said he found Sen. Domenici's alternative a "reasonable pro-

"I find it very interesting. I don't reject it out of hand," the secretary said to Sen. Domenici. But he did reject a separate proposal by Sen. Baker for an income tax surtax of up to 10 percent to reduce the budget deficit.

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rants. And, a completely supervised

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# Drug Use Found to Drop Among U.S. Youth

licit drugs by American highschool students has dropped sharply since it reached peak levels in the late 1970s, according federally sponsored study.

The study was released Wednesday and involved 17,000 high-

cal hazards

who choose to work would lose so

much in welfare and food stamp

henefits under President Reagan's

1983 budget that they would actu-

ally have less disposable income than if they quit their jobs and de-pended entirely on federal aid, ac-

cording to a new study by the Uni-

versity of Chicago.

The study, issued Wednesday, found that the proposed cutbacks would accentuate the "work disin-

centives" introduced into the fed-

Last year's changes reduced the income differential between work-

ing and nonworking welfare recipients, the study said, but the changes proposed this month by Mr. Reagan would make it clearly more profitable to most poor people to sale to sale to sale and

ple to rely entirely on welfare and food stamps than to work at the low-wage jobs available to them.

Thus, it said, the changes would

penalize welfare recipients for any

work effort by sharply reducing the amount of benefits they

received while they were em-

ployed.

The study, by the university's Center for the Study of Social Poli-

cy, is the most comprehensive state-by-state analysis of what hap-

sult of the welfare cuts enacted last

"The systematic reduction in work incentives hits hardest at

families at or near the minimum wage whose work efforts should be supported rather than discour-

" the study said. For many of

year and proposed this year.

rewards," the study added.

eral welfare system last year.

dropped to one in 14 by last spring, and the trend shows signs of accelerating.

The study found that use of every major class of illicit drugs — as well as alcohol and cigarettes — O'Malley of the University of

Study Sees Reagan Cuts

**Hitting Work Incentive** 

By Robert Pear no earnings would get, on the average, \$508 a month in welfare, food stamps and energy assistance under Mr. Pagean's processing the control of the control o

Special Dispensation

from the researchers, the survey is widely considered one of the most reliable indicators of drug abuse trends, which are hard to measure.

The results were cited Wednesday by Dr. William E. Mayer, ad-ministrator of the Alcohol, Drug Abuse and Mental Health Administration, which includes NIDA, as evidence that the government's prevention efforts were bearing fruit. He testified before the Senate Labor and Human Resources subcommittee on Alcoholism and Drug Abuse.
The survey first began to detect

a trend toward moderation in 1980, reported last year. Mr. Johnston said it was now accelerating markedly. Further, growing nega-tive attitudes toward drugs led him to predict that the downward trend would persist.

## Ban on Possession of Handguns Sought by San Francisco Mayor The Associated Press

SAN FRANCISCO - Mayor Dianne Feinstein has proposed a ban on handguns in an effort to make San Francisco a "bastion of

"Guns flow in this society like taffy candy," the mayor said ednesday as she suggested banning private possession of handguns, a proposal modeled on a city ordinance that recently

went into effect in Morton Grove, III. Only police officers, security guards, military personnel and some other specified persons would be allowed to carry handguns. Others caught with the weapons would be subject to 30 days in jail. Residents would have 90 days to sell their weapons or surrender them to police, with no questions asked. Rifles and shotguns would not be affected.

The Morton Grove ban, which took effect Feb. 1, was upheld by a federal appeals court. The U.S. Supreme Court has refused to review the case.

Of the 126 homicides in San Francisco during 1981, 81 were committed with handguns, said Mayor Feinstein, who succeeded George Moscone after he and Supervisor Harvey Milk were shot to death - with a handgun - in November, 1978

# by some poor people. However, they say that the "working poor," as the most affluent sector of the **U.S. Limits Soviet Expert** To 5-Day Visa as a Protest

By David Shribman

hance their self-respect or to get a WASHINGTON — The State Department, in a gesture of protest Presidential aides such as Maragainst Soviet visa policy, has is-sued a limited visa to Georgi A. Arbatov, the Soviet Union's lead-C. Anderson and Robert B. Carleson see welfare not as an in-come supplement for the working poor, but as a "safety net" for those, such as the elderly and dis-abled, who cannot work. ing expert on the United States and Canada.

Mr. Arbatov, head of the Soviet Institute of United States and Mr. Reagan's 1983 budget proposes to deny welfare benefits to any parent who refuses employment or voluntarily quits work. The stated purpose of this change is to "discourage reductions in work effort."

aged," the study said. For many of the 600,000 welfare families who have some outside earnings, "work may no longer be justified by its The Chicago study says the reduction of work incentives is counterproductive because the government may ultimately have to in-crease welfare payments to a Thus, for example, in New York mother who curtails her work efstate, a three-person family with fort.

ment of those who did receive New York Times Service We felt that we should take a

reciprocal step to underline to Moscow that access has to be more of a two-way street," a State Department official said. The Reagan administration denied a visa extension to Mr. Arba-

to have participated in a U.S.-Sovi-et debate on the Public Broadcast-Canadian Studies, was issued a five-day visa instead of the 13-day ring Service. The extension was de-nied because, as a State Depart-ment official said, "Americans have no access to Soviet television visa he requested. Officials at the Brookings Institution said that the limited visa forced Mr. Arbatov, a member of the Central Committee or other Soviet media." of the Soviet Communist Party, to cancel a meeting at the institution He said that Mr. Arbatov, who is a frequent visitor to the United scheduled for Thursday.

States, applied for a visa to attend The State Department said that in recent months the Soviet Union meetings of the Independent Commission on Disarmament and Sehas denied visas to several of U.S. curity Issues in the United States. The official said that the visa covered the five-day period of the ses-John Steinbruner, director of

foreign policy studies at the Brookings Institution, said that Mr. Arbatov accepted an invitation for a luncheon meeting at the institution Wednesday. He said that he was told that Mr. Arbatov went to Canada because of his visa limita-Rep. Paul Simon, Democrat of

tov early last spring, when he was

Illinois, called the action "absolutely shortsighted." In remarks Wednesday on the floor of the House, Rep. Simon urged in-creased communication between the United States and the Soviet

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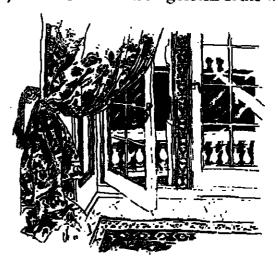
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The Leading Hotels of the World

# Dr. Eugene Meyer of Johns Hopkins Dies Washington Post Service died Saturday. His pioneering ick Poe Graham, 74, former avia-WASHINGTON — Dr. Engene work in immunology led to the tion editor and World War II cor-

Meyer 3d, 66, a professor emeritus designation as Franklin's disease in medicine and psychiatry at of a disorder in the lymphoid sys-Johns Hopkins University and a tem. member of the board of directors of The Washington Post Co., died Wednesday of cancer at his home

Dr. Meyer was the son of Eugene Meyer, the late publisher of The Washington Post, and brother of the silent film star John Gilbert, of Katharine Graham, chairman of died Wednesday of cancer.

# **OBITUARIES**

The Washington Post Co. Colleagues credit Dr. Meyer with pioneering work in studying the emotional dimension of physical illness. Partly because of his work, they said, they field has become a forcel point of many 115 focal point of many U.S. programs providing psychiatric care.

Dr. Edward C. Franklin NEW YORK (NYT) - Dr. Edward C. Franklin, 53, a professor of medicine at New York University and an international authority

on the human immune system.

# Virginia Bruce

LOS ANGELES (LAT) - Virginia Bruce, 71, a movie star of the 1930s and 1940s and former wife

# Richard Storry

LONDON (AP) - Richard Storry, 68, professor emeritus of Japanese studies at Oxford University and biographer of Soviet master spy Richard Sorge, died

# Sholom Katz

WASHINGTON (WP) - Sholom Katz, 67, a leading cantor and an authority on Jewish music, died Saturday after a heart attack.

Frederick Poe Graham NEW YORK (NYT) - Freder-

respondent for The New York Times, died Monday.

# Robert Lowe Kunzig WASHINGTON (NYT) — Robert Lowe Kunzig, 63, an associate judge of the U.S Court of Claims who was the former head

of the General Services Adminis-tration, died Sunday at Georgetown University Hospital after a

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# Paris Retains Pretoria Trade Despite Campaign Promises

PARIS - France's Socialist gov-

ernment, despite campaign promises of a commercial policy intended to weaken apartheid, has continued intensive trading with South Africa, according to French officials and private analysts interviewed in recent weeks. The trade includes construction of a nuclear reactor for which France indirectly supplied enriched uranium.

The United States earlier blocked export of this fuel because U.S. officials reportedly feared it could facilitate South Africa's entry into the club of nuclear-arms nations. Although the enriched uranium for the power plant could not be used directly for a weapon, its by-product, plutonium, could.

Sweeping sanctions against South Africa were urged by French Socialist party chief Lionel Jospin during the elections last spring. But the Socialist government, apparently re-evaluating this hard-line approach, has expressed skepticism about the efficacy of

Explaining France's continued trade, despite the ideological tensions, a Finance Ministry spokes-man evoked France's "delicate economic situation." France, he said, "will trade with any country

## Finnish Workers In Russia Strike

HELSINKI — About 1,200 Finns employed in building a mining city inside the Soviet Union have gone on strike for higher daiallowances, employers said

The Finns, mostly living close to the border with the Soviet Union, did not turn up for their cross-border trip to work Monday. They are asking for about \$22 a day in allowances in addition to their wages and have rejected an offer of just

Employers said talks could continue Monday. The strikers are part of a work force of 1,800 building an iron-ore mining complex at Kostamus, a city of about 10,000. They are working on the second and third stages of the project, which are due for completion in

sial French deal is the nuclear plant, South Africa's first, a \$2.5 billion facility at Koeburg near Cape Town that will cover onetenth of the country's electricity

Officials in Paris attribute a near 50 percent rise in French exports mainly to the shipment of parts for this plant. Other recent French export deals include oil technology and generators for utilities.

It is being built by a consortium of three French firms — Spie-Batignolles, Alsthom and Framatome under a 1976 contract that the current French administration has promised to fulfill. The first of the station's two standard 900-megawatt reactors is to be operational this year, the second in 1983.

But until a few months ago, it appeared that Pretoria would be unable to obtain enriched uranium to fuel the plant.

Problems first arose when the United States, which had initially agreed to enrich South African uranium, refused to send it on to France for the French company Framatome to convert it into fuel

The Carter administration took this decision because of its policy of not releasing fissionable material to countries that did not allow International Atomic Energy Agency (IAEA) inspection of their

The South African government has refused IAEA inspection of the top-secret Valindaba nuclear

factory near Johannesburg.

Despite the U.S. ban, South Africa last November delivered an estimated 75 tons of enriched uranium, which would be worth \$35 illion, to Framatome to be made into fuel rods.

The French External Relations Ministry declined to specify the enriched uranium's origin, saying only that it had been "procured on the international market. Amid press speculation about

the shipment's source, the State Department denied a Washington Post report that the uranium had been enriched in China and supplied through a Swiss intermedi-

Recently disclosed details, confirmed privately by French offi-cials, show the enriched uranium originated in France.

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While the original South African shipment remained blocked in the United States, South Africa managed to obtain a new supply from Washington-based company, Edler International, which had obtained it from the Swiss firm Kaiscraugst. The Swiss had obtained it originally in 1974 from Cogema, to South Africa over the past year a government-owned nuclear company in France. When a planned Swiss nuclear plant was blocked by domestic opposition, the Swiss consignment found its way to the South African buyers. The enriched uranium therefore never left

> This Swiss connection, which French officials confirmed this week on condition they not be identified, was partly disclosed in an elliptical, little noticed communique last December from the Swiss Atomic Energy Association.

> It said: "Recently part of Ka-iseraugst's enriched uranium stocked at Cogema was sold to an international business company, in accordance with IAEA rules for security and inspection." The communiqué added: "This uranium was later conveyed to Framatome in early November, 1981, to be transformed into fuel. The entire enriched uranium transaction was carried out with the approval of French authorities." In response to questions, French

> officials acknowledged that this was the uranium sold to South Af-

There has been little publicity in France about the operation, which the Paris-based Anti-Apartheid movement describes as "laundering" French enriched uranium for South Africa.

French government officials, asked this week about the South African deal, said France has abided by its contracts without signing

However, the French press has carried reports of continuing French uranium imports from Namibia — despite repeated statements by the Socialist government that France is applying the United Nations resolution on Namibia and has therefore severed commercial relations with the South Africa-administered territory.

Queried about inconsistencies of this sort, a Foreign Trade Ministry adviser replied last year: "There is no defined inter-ministerial policy on French-South African rela-

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STRIKE AGAINST RUNWAY - Detectives searched the rubble caused by an explosion Thursday at the offices of a Wiesbaden company involved in building a runway at Frankfurt's airport. "Revolutionary cells" opposed to the project claimed responsibility. No one was hurt.

# SWAPO Accuses South Africans Of Killing 15 Namibian Civilians

ADDIS ABABA, Ethiopia The South-West Africa Peoples Organization accused South Afri-can troops Thursday of killing 15 civilians in South-West Africa (Namibia) and said the United States was encouraging South African intransigence in negotiations for a peace plan for the territory.

Speaking before foreign minis-ters from member states of the Organization of African Unity, SWAPO's secretary for international relations, Peter Mueshihange, said the killings took place Jan. 11 in the Ovamboland region, near the Angolan bor-

"Racist South African soldiers opened fire on a crowd of innocent

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people who were celebrating a wedding at a village in northern Namibia.... Fifteen people were killed on the spot and 37 others were seriously injured," he told the OAU Council of Ministers. A SWAPO delegate said the organization had eyewitness accounts of the incident

In Pretoria, a military spokesman said the allegations were "rubbish." He said SWAPO hoped the unsubstantiated allegations about atrocities will evoke sympathy for their so-called cause while the farcical mixture of lies and distortions ... will pacify their Russian masters, who are pressuring SWAPO to show results in South-West Africa."

The spokesman said: "It is ex-

be able or willing to follow up

he termed the Reagan administration's soft policy toward South Africa was encouraging Pretoria to drag its feet on the question of Namibian independence.

"The diplomatic maneuvers of the Western contact group, spearheaded by the Reagan administration and based on the defective notion of constructive engagement [with South Africa], have not in any way helped to strengthen [UN] Resolution 435," he said.

The United Nations, in repeated resolutions, has declared SWAPO the only legitimate representative of the Namibian people and has called for South Africa to give up its administration of the territory. A five-nation Western "contact group" - the United States, Britain, France, Canada and West Germany — has been trying to ne-gotiate a settlement in Namibia.

## 2 Newsmen Expelled

ADDIS ABABA (AP) Ethiopian authorities Thursday ordered two journalists, an American and a Scottish-born Kenvan to leave the country because of complaints about their reporting, the have smuggled out some messages.

Mr. Mueshihange said that what

On Dec. 14, Mr. Gmai said, the delegation released a statement to

the British Broadcasting Corp. and Radio Free Europe, announcing "that we did not accept the sus pension of the Solidarity free trade nion, that we still feel and will act as active Solidarity members."

Also by radio, they called a meeting of Solidarity officials in

the West, which was convened the following Saturday in Zurich. "There were practically no dif-ferences in opinion that the mili-

tary takeover should be condenned with whatever means available, Mr. Gmaj said. The next day, Dec. 15, 28 Soli-

darity members and supporters signed an appeal asking for a trade boycott of Poland and the Soviet Union. They also drew a fine line between themselves and the union inside Poland, concluding that they could support but not speak for Solidarity.
"Unfortunately there are no high-level Solidarity officials out-

side Poland, and that makes it difficult for us to make any credible committee which could represent Solidarity," said Seweryn Blumsztajn, 33, a leader of the Paris group and one of six Solidarity mbers who met with Pope John Paul II at the Vatican this month. Mr. Gmaj said the underground remnants of Solidarity in Poland

tentions," he said. "They want to have some representation abroad and want this representation to coordinate humanitarian aid flow.

**Outposts of Solidarity** 

In West Work to Keep

Links to Barred Union

By Brendan Murphy

reational Herald Tribus

PARIS - The Solidarity trade

union has been fragmented and

driven underground in Poland, but

members who were abroad during

the military crackdown in Decem-

ber have established Solidarity

outposts in the West to support the

in Paris, New York, Stockholm and Zurich, with others in Lon-don, Rome, Madrid, Vienna, Oslo,

Key Solidarity contingents exist

Solidarity members and officers

throughout Europe emphasized re-

peatedly in interviews, however, that their groups are not "Solidar-ity in exile."

ile' would be a mistake, because it

might be interpreted as meaning that Solidarity in Poland is no longer in existence," said Piotr Grasi, 38, a Gdansk medical

researcher and Solidarity official

living in Zurich.
Mr. Gmaj went to Zurich on
Nov. 29 with 12 others from Soli-

darity's central Gdansk office at

the invitation of two Swiss labor

confederations. They were to go home two weeks later — on Dec.

13, the day martial law was de-

had a wonderful party and our bags were all packed," Mr. Grazi recalled, "At 7:30 the next morn-

ing we got a call from one of our Swiss associates to say something had happened in Poland."

"On the night of the 12th we

"Creation of a 'Solidarity in ex-

union's resistance at home.

Berlin and other cities.

ing to Poland."
The Western groups are trying to direct the aid to Poland through the Red Cross or church channels to assure that it does not - a Waldemar Stempkowski, editor of a weekly newspaper for Polish ref-uges in Vienna, put it — go to "hungry soldiers or hungry police-men" or become a political weap-

They are also collecting information on conditions inside Poland for dissemination to Western

They are disinclined to give disect support to the underground, although Mr. Blumsztain, formerly editor of Solidarity's Polish news agency, said they have sent materials that included printing equip-

A priority is to establish reliable communications with the resistance, according to Mr. Gmaj and a Paris activist, Zbigniew Kowalewski an elected Solidarity official from the Lodz region.

"We have some contacts," Mr. Kowalewski said, "and we are establishing more at this moment. But of course it is very difficult work, a dangerous one — not necessarily for us, but for our contacts

The Paris group, called the Co-ordination Committee of the Soli-darity Trade Union in France, is the strongest in the West. Paris is a historical focus for Polish émigré scrivities, and the Confederation Française Démocratique du Trav-ail, a major Socialist-backed French union, has given the Polish unionists strong support.

## Office and Bank Account

The confederation, which was one of the first Western unions to recognize Solidarity, has provided the Poles with office space and established a bank account from public contributions on the group's behalf; by mid-January these were reported to amount to almost \$350,000.

The Solidarity Information Office in Stockholm has received similar support from the Landsorgan-isationen i Sverige, or LO, the ma-jor Swedish trade union federation. In the United States, the AFL-CIO is backing the New York group.

Union response has been slower and weaker in West Germany and virtually nonexistent in Austria, Solidarity sources said. The Solidarity groups have made trade unions their primary contacts.

Solidarity members abroad bave been branded in Poland as traitors, Mr. Gmaj said. That was not unexpected, but it could be a long time before they see their country or families again.

"My responsibility and aim is to act outside of Poland as strongly as possible," said Mr. Blumsztajn But at the same time, you cut

# E. Germans Hold Pro-Army Rallies

The Associated Press
BERLIN — The East German authorities, faced with a fledgling peace movement that challenges militarism, have mounted some-thing of a counteroffensive this week by using "comrades-in-arms" celebrations to emphasize the need

to defend Socialism. The chief target of the campaign are the young people increasingly drawn to the nascent, churchbased peace movement that nearly two weeks ago held an unprece-dented meeting in a Dresden church and openly attacked Com-

Virtually every newspaper in the country has reported at length on the "comrades-in-arms" rallies the "comrades in arms" rallies held to mark what East German leaders always call "the indestructible, fraternal bond" with the Soviet Army.

But special attention has been given to rallies held by the Communist youth organization, the Free German Youth (FDJ).

# **Exercises for Students**

In addition, paramilitary exer-cises were scheduled for students in the 10th grade of all high schools. Such exercises are in addition to the military instruction compulsory in high school. They have been assailed by the church since its introduction in 1978.

Typical of the propaganda effort was a speech reported in the Leipzig newspaper, Leipziger Volkszeitung. Matthias Dietrich,

first secretary of the local FDJ, date has been a speech late last was quoted as saying:

"There is nothing more important than peace, and therefore, it is an honor for every member of the FDJ to protect peace also with a weapon in his hand."

More than 4,000 young East Germans took part in the Protes-

tant Church peace forum at Dres-den. Many displayed the slogan of the West German peace move-ment: "Make peace without weapons." The police took no action although such unofficial demonstrations are banned.

The occasion for the forum was the 37th anniversary of Dresden's destruction by Allied bombers Feb. 13, 1945.

At the forum, several speakers

drew applause when they urged, for example, that the Communist authorities begin counting their own weapons instead of continuously reminding only of Western might, that a "social peace service" in hospitals or schools be intro-duced instead of compulsory mili-tary service and that West and Fast Germany work harder for the East Germany work harder for the dissolution of the military blocs

that divide Europe. Harald Brettschneider, a youth pastor in rebuilt Dresden, noted the contrast between official East German praise for the peace move-ment in West Germany and the attitude against such a movement at

home.
The only top-level reaction against the peace movement to

year at a meeting of the party's Central Committee, Werner Walde, a Politburo candidate, dismissed the demands for "social

But party chief Erich Honecker has so far remained silent on the

The authorities picked up East Berlin pastor Rainer Eppelmann who authored a "Berlin appeal" for disarmament, a nuclear-free Europe and withdrawal of Soviet troops from East Germany and NATO troops from West Germany after his appeal was published in the West earlier this month, But

he was released after two days. Apparently, the government has decided the way out of its dilemma is the kind of countermove being carried through this week.

Thus, Gerhard Goetting, the

chairman of the only official religious party, the tiny Christian Democrat Union, which is aligned with the ruling Communists, this week told a rally that "armed service for Socialism is a legitimate form of peace service."

Western experts estimate there are 400,000 Soviet troops in East Germany in addition to the East Germans' standing forces of about 160,000 for a population of 17 mil-lion. The United States maintains about 200,000 troops in West Germany, which has a standing force of 495,000 to defend a population of 60 million.

# U.K. to End Free Hospital Care for Visitors

By Elaine Davenport LONDON - The British government has announced that beginning Oct. I foreign visitors will have to pay the full cost of hospital treatment in Britain. The decision reverses the "Good Samaritan" rule, in force since the National Health Service was created 33 years ago, that allowed both resi-

But there are to be many exceptions. Citizens of other European Economic Community countries and any foreigner who has resided in Britain more than one year, is permanently resident here or is here working full time, will continue to get free hospital treatment.

dents and visitors the same free

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Exemptions will also apply to citizens of countries where Britons get free hospital care — including Norway. Sweden, Austria, Portugal, the Soviet Union, Romania and Yugoslavia - and to those from a few countries with colonial ties such as Gibraltar, Hong Kong. New Zealand and Malta, And any visitor needing acci-

dent or emergency care or who contracts a communicable disease. such as measles, while in Britain will continue to get free treatment. Most affected by the new ruling

will be visitors from the United States, Canada, Australia and socalled Third World countries.

# Revenue Increase Seen

"There is no reason why the British taxpayer should provide free hospital treatment to shortterm visitors to this country," said Norman Fowler, social services secretary, announcing the Con-servative government's plan in the House of Commons Monday.

The new rules would theoretically apply to about half of the country's annual 12 million visitors. It

exception system, which is bound to create paperwork. Ethnic minority groups here also say that they will be the hardest hit by the nationality and residence checks.

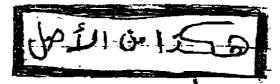
Parliament is to decide on the exact regulations for implementing the new hospital charges, which are likely to be from £80 to £130 a

One point to be debated is the wording of the proposed three questions all patients will be asked before entering a hospital. They are, in draft form, "Have you been resident here more than a year? Are you permanently or indefinitely resident here? Are you working full time here?"

If the patient answers affirmatively to any of these he or she will not be questioned further. Also under the new rules, the nationt need not produce a passport.

The changes will be publicized abroad and visitors will be advised to buy insurance.

is expected to raise £6 million (\$11 million) a year to help the ailing National Health Service. Critics have focused on the complicated



# ANOTHER FIRST.

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Just five months ago the Boeing 767, another fuel-efficient jetliner, made its inaugural flight. It is scheduled to go into commercial service in September. In early 1983, after rigid certification tests, the 757 will begin to fly passengers.

No other manufacturer has ever made such an enormous investment at one time in engineering skill, people hours and money.

Soon this commitment will begin to pay off for airlines in new fuel economies.

In addition, it will mean consumers will continue to enjoy flying as one of the world's best travel values.





W. ZACHARIASIEWICZ.

they need is food and medicine

past five years under the direction of Maestro Mstislav Rostropovich, has developed into a world-class musical ensemble. The enthusiasm about their enemies in Moscow? of audiences everywhere, including Paris, attests to this. As your music critic should know, the National Symphony Orchestra is supported virtually by a private association of several thou-

eye in U.S. policy. The apparatus of U.S. intelligence gathering and policy analysis is so gigantic that it seems unbelievable that the grist it grinds does not reach the people for whom it is meant - or is disregarded. When policy seems clumsy or misinformed, people abroad of-ten take this as camouflage for a higher subtlety.

— not only at home but throughout the world.

And what is good for the bankers is good for the Poles. Above all. America must safeguard its reputation for commercial reliability" - even as Lock Walcon remains imprisoned, thousands of Solidarity members buddle in

concentration camps, and the church itself is threatened So speak the Theobolds, the Leshers and the Kendalis. hey practice a pseudo-pragmatism that perverts, even as it seems to draw upon, the American tradition. The business ethos, applied to foreign policy, favors cost-benefit analyses done on a case-by-case basis. This method obscures the large and interwoven issues that confront the

United States and the rest of the West. It is plausible to argue that calling in the Polish debt would disrupt international banking. More likely, it would embarrass the bankers by forcing them to switch loans now listed as assets into the liabilities column.

It is also plausible to argue that farmers in the United States would be hurt more than the Soviets by a grain embargo - although this proposition assumes, and thus ensures, that the United States is powerless to discourage other nations from rescuing the Soviets.

But there are questions that cannot be answered by bookkeepers. If America's bankers and farmers have become hostages of the Soviet bloc - the reverse of what detente was supposed to accomplish — should the United States not move urgently to extricate itself from this situation, or should it continue down the road to increasing dependence? Can it extricate itself painlessly, or is there a price to be paid for a misbegotten policy? If the United States eschews "economic warfare," what kind of war does it want, and whom will it send to fight

it? Or does America conclude that it has nothing worth fighting for, that between totalitarianism and democracy no fundamental values are at stake — that, as Theobold suggests, political systems, like capital, are fungible?

Without squarely facing these issues, which transcend business calculations, America will not persuade its allies of its capacity to lead. The message it is now sending to the allies, and to Moscow, is that it is unwilling to endure sacrifice or inconvenience to restrain Soviet lawlessness. The Republican administration's foreign policy lacks cogency because the business interests it disproportionately represents are the soft underbelly of freedom.

01982, The Washington Post. .

The Show on Poland

The world does not need Poland

to be Poland so much as it needs

America to be America — a great nation faithful to its ideals and a friend to all peoples longing for freedom: in Poland, Afghanistan,

Palestine, Chile, Turkey, El Salva-

MARIO LOPEZ ANDRADE.

I would like to take exception to

the chorus of highly critical com-ment concerning the "Let Poland Be Poland" television program. As an American of Polish descent, I

am obviously very sensitive to the free world's reactions.

dor, South Africa ...

fering Polish people.

Marbella, Spain.

# Herald Tribune

Page 6 Friday, February 26, 1982 \*

# A Caribbean Policy:

# The Vision Excludes a Nightmare

Much that President Reagan said Wednesday in outlining a policy for the Caribbean basin was welcome, even admirable.

There are touches of boldness in the call for generous trade preferences to a score of struggling small nations with 40 million inhabitants. The president proposes a cooperative attack on the Caribbean distress that is rooted in soaring energy costs and falling commodity prices. And by asking Congress to nearly double aid for the region in a time of economic hardship. Reagan runs political risks for a worthy cause.

So more is the pity that Reagan drove a brave speech to a shrill and unsettling coda. Instead of trying to tempt Nicaragua's leftist regime to a moderate course, he virtually consigned it to the Soviet camp. Instead of reassuring anxious Americans that his diplomacy in El Salvador would preclude military intervention and escalation, he gave an open commitment to do "whatever is prudent and necessary to ensure the peace and security of the Caribbean area."

What does that mean? Even putting aside speculation about reckless military ventures, it may mean that the whole Caribbean aid program has been exploited as a cover for its most questionable component — a substan-

tial increase of military aid to El Salvador. The president will have to choose between his recognition of deep social distress in impoverished and brutalized societies and his glib contentions that only Soviet and Cuban

agitation sparks unwelcome rebellion. It is far from clear, for example, which Caribbean countries he would allow to qualify for help. and by what standards. His top aides seem all too eager to exclude Nicaragua, while making every conceivable allowance for right-wing suppression in Guatemala.

Indeed, the president left the impression that if it were not for those Reds in Cuba and Central America, no urgent aid might really be needed. That gives Fidel Castro the credit for opening Washington's purse -an odd message indeed.

Still, if the details of his complex and novel free-trade proposals turn out to be as generous as Reagan implied, he could build on this speech to tap a vein of practical American idealism. The reservations about the textile and sugar trade need elaboration. The implications for Puerto Rico will need special attention.

But there is a modern tradition of seizing upon the fear of radicalism to commit American resources and energies to peaceful reform abroad. It is the tradition of Harry Truman's Marshall Pian and John Kennedy's Peace Corps and his half-successful Alliance

for Progress in Latin America. The American people will respond generously if Reagan can show, by determined lobbying in the weeks to come, that he is summoning a Caribbean vision, not mounting a Salvadoran nightmare.

THE NEW YORK TIMES.

# A Sensible and Balanced Proposal

President Reagan's sensible and balanced Caribbean proposal deserves the strong support of Congress and, more important, of the Caribbean countries themselves. It wisely emphasizes the cooperative nature of the enterprise and its relation to work that other countries — Mexico, Canada, Venezuela have undertaken in the region. It accepts the principle that economic growth does more for political stability than military aid.

But the president also argues that security assistance is needed by those countries confronting insurgent movements armed and supported from outside their own boundaries - like El Salvador. The United States, he said, "will do whatever is prudent and necessary to ensure the peace and security of the Caribbean area." The attention to prudence is welcome, and essential to the kind of international support on which this initiative depends. Unfortunately, it is also true that some limited degree of military aid is

going to be indispensable. But the most valuable offer extended by Mr. Reagan is the opportunity to trade, the prospect of open access to the U.S. market for the Caribbean countries. This offer is unilateral; the Caribbean governments will not have to open their own markets to U.S. competition. There are a couple of familiar exceptions to this offer: textiles and clothing. as you would wearily expect. But it is an extraordinary invitation to investment - not only American, but European and Japanese as well — in plants designed to ship their

The 45-year-old system of regulating banks and other financial institutions in the United

States is obsolete. Virtually all would benefit

from a looser rein. Indeed, a new study from

the Brookings Institution suggests that with-

out reform a quarter of all savings and loan

concerns may fail. But all the money busi-

nesses have some residual desire to shackle

competitors. So they are jostling for legisla-

tive advantage, and they may well prevent re-

ferent financial businesses were easy to draw

and to police: brokers sold stocks and bonds;

banks cashed checks and made commercial

loans; "thrift" institutions funneled personal savings into mortgages; life insurance

companies sold protection and accumulated

retirement nest eggs. However, all that

communications made it possible for finan-

cial houses to pursue every kind of dollar far

from home base. Inflation nearly destroyed

the thrifts and let the other businesses com-

pete for personal savings. Stockbrokers and

life insurance companies lost some of their

traditional markets but found ways to beat

prohibitions against banking. The old system

of segmentation and tight regulation no long-

er worked. Everyone agreed that it was time

Unfortunately, the consensus has not

reached beyond theory. Is there a way out?

None is yet visible, in part because the

Automated tellers, computers and cheap

Until recently, the distinctions among dif-

form for yet another year.

changed in the 1970s.

to try freer enterprise.

products into the United States. The implications here are highly interesting.

The Reagan initiative gives the expected priority to the private sector, and the amount of economic aid, in the conventional terms of grants and loans, is not terribly large. But it is plausible to suggest that the trade and investment incentives, over the years, can accomplish as much and more. The largest share of the direct aid would go, inevitably, to El Salvador. But there are more than negligible amounts for Costa Rica and Honduras. That anticipates the complaint that the United States will always do anything for a country fighting off Cuban-supported guerrillas, but nothing for a hard-pressed democracy as

cause he acknowledges that more has gone wrong in Central America than Cuban subversion and the clandestine flow of arms through Nicaragua. He points out that most of the countries of the region have suffered a series of severe economic reverses. While the price of oil is up, the prices of most of their major exports — collee, sugar and bauxite are the leading examples — have fallen. That means rising unemployment, declining standards of living, and businesses strangling for want of foreign exchange. That is the seiting in which the guerrillas flourish. Over the long haul, political security in the Caribbean will depend primarily on the ability of the region

to offer its people a decent livelihood.

THE WASHINGTON POST.

long as it conducts its affairs peacefully. Mr. Reagan's case is stronger precisely be-

Reagan administration has failed to press

very hard for specific legislation. But it is

Most institutions want time to adjust. Sav-

ings banks, for example, want to be forced to

pay less on savings until their cash squeeze

subsides. But society has no strong interest in

the survival of any particular kind of bank.

Those who want legal protection against

competition ought to be required to prove

• Hold subsidies to a minimum. The sav-

ings and loans say: By all means deregulate,

but let the taxpayers absorb the losses on all

those low-interest mortgages we used to

write. One way or another, the government

probably has to share that burden. But the

goal of any bail-out ought to be preserving

the assets of small depositors, not rescuing

• Give preference to federal rules. In a

country with one currency and in a time of

instantaneous money transfers, there are no

such things as state financial markets. State

regulation is an anachronism. Curbs on inter-

state banking limit competition. State usury

Can the nation survive with financial mar-

kets designed in the 1930s? Sure. It could

also get along without supermarkets or jet

planes or word processors. Reform of finan-

cial regulation is an important way to im-

THE NEW YORK TIMES.

prove productivity. The sooner the better.

the public's need for it.

any particular institution.

laws restrict consumer credit.

• When in doubt, choose competition.

fairly easy to outline underlying principles:

World's most influential countries have moved from an abhorrence of free trade to a position where they are now its most enthusiastic pro-

# wich Time drawing by Robert Durham.

WASHINGTON — The media are wrong to play up personality clashes in the Reagan team as the source of the administration's failure to project a coher-

ent and credible foreign policy. The problem does not

lie in who reports to whom, or in the alleged idiosyncracies or turi-consciousness of the players, or in the presi-dent's preoccupation with other matters.

It lies, rather, in the deep and enduring division within the Republican Party, a division that long predates Ronald Reagan's arrival in Washington. On the one side are the true believers—the principled

anti-Communist ideologues, including some non-Republi-

cans now labeled "neo-conservatives." On the other

side are the commercial and banking inter-

ests, whose philosophy was asserted with stunning candor by Citibank's Thomas

Theobold when he said: "Who knows

what political system works best? All we

ask is: Can they pay their bills?"

The true believers, to their credit, know

what political system works best, and they have provided the administration with its tough anti-Soviet rhetoric. They had every

reason to count the president in their camp.

But when push comes to

shove, the priorities of busi-

ness prevail, and the ideo-

logues are shunted aside.

They still write the speeches,

though, which accounts for the widening gap between the president's words and

his deeds. Poland throws the

Before an international

andience of tens of millions,

the president's speechwriters

promised stronger sanctions against the Soviets if the

repression in Poland were

not alleviated. The repres-

sion intensified but the

bankers persuaded the presi-

dent to cover Poland's debt

without declaring default. Default, they warned, would

the unlikely subject of free trade.

is an admirable sentiment?"

offensive against protectionism.

WASHINGTON — In Sir Arthur Conan Doyle's "The Hound of the Basker-

villes," Sherlock Holmes lectures Watson on

Says Holmes: "Capital article this on free trade. Permit me to give you an extract from The Times. 'You may be cajoled into imagining that your own special trade or your own industry will

be encouraged by a protective tariff, but it stands

to reason that such legislation must in the long run keep away wealth from the country, diminish

the value of our imports, and lower the general conditions of life in this island."

"What do you think of that, Watson?" cries Holmes, in high glee, rubbing his hands toge-ther with satisfaction. "Don't you think that

This was written in 1901. If the same argu-

ment could find a place in one of the major popular novels of today, it might give a dying cause something of the fillip it needs.

Meanwhile, in less literary fashion, two new

reports - unlikely bedfellows - make be-

tween them a powerful case for seizing the

present moment to open up a new political

Passed in the Night

The first is the annual report of President

Reagan's Council of Economic Advisers, pub-

lished earlier this month. While its conclusions

on the domestic American economy were

widely reported, its chapter on the internation-

The second document is being published Friday — the annual "agenda" of the Washington-based Overseas Development Council.

In it, Albert Fishlow, the distinguished economist, recounts how the developing countries

and the industrialized countries have passed

While in the last decade many of the Third

al economic system has been ignored.

each other by in the night.

ence, of just how woolly his im-

pressions really are of what was going on in Vietnam in the 1960s,

and of how American foreign poli-

cy got from where it was then to where it is now. Not the least odd,

however, is an article just pub-

lished in a French newsmagazine, Le Point, by the Washington com-

This article describes what Mr.

Kraft calls Secretary of State

Haig's plan to adapt NATO "to

the realities of post-Gaullist Europe." The plan still is ten-tative, and will be tried out on

"a council of wise men" including

former Secretary of State Henry Kissinger. But when that is done,

it supposedly will be presented to the European allies at the

NATO summit meeting scheduled

for June. Mr. Kraft's article obvi-

ously is intended to try the ideas

require the Europeans to acknow-ledge that detente has not worked

and that it is pointless "to go on looking for a modus vivendi with

the Soviets" if they will not tol-

erate a certain relaxation of con-

Then, according to the plan, NATO's conventional forces

should be improved to make for-

ward defense of Federal Germa-

ny's Eastern border more credible,

at the same time acquiring better,

Nuclear strategy would also be reviewed, in search of a common

allied position on both Euromis-

Letters intended for publica-tion should be addressed "Letters

to the Editor," and must include

the writer's address and signa-

ture. Priority is given to letters that are brief and do not request

anonymity. Letters may be abridged. We are unable to

acknowledge all letters, but value

the views of readers who submit

more mobile defenses in depth.

The first step in the plan would

out on the French.

trol in Eastern Europe.

mentator, Joseph Kraft.

problem into high relief.

# By Jonathan Power

ponents, in the West free trade has come under creasing assault after years of favor.

When Speechwriters and Bookkeepers Disagree

By Lane Kirkland

The writer is president of the AFL- CIO.

disrupt the international banking system. And the Chamber of Commerce has now weighed in to protect the Siberian natural gas pipeline, which, according to the chamber's president, Richard Lesher, would give Western Eu-

rope "a degree of leverage over the Soviets rather than

overlooked in their eagerness to be ensuared in our web of

détente. To cripple the pipeline and deny the Soviets hard currency earnings (with which to buy Western tech-

nology) would represent, in Lesher's shocked words, "a strategy of economic warfare." Lesher would

- a fact the obtuse Russians have apparently

exempt European companies operating with U.S. licenses from the sanctions imposed

by the president, lest America worsen its

already poor international reputation for

commercial reliability." Pepsico Chair-man Donald Kendall, who had previously expressed admiration for Leonid Brezhnev's

devotion to peace, agreed: "I certainly

question whether the [U.S.] government

should put its long arm into another

sovereign country and force

The long arm of multina-

tional corporations and banking institutions is an-

other matter. The flow of

Western credits to Poland,

accompanied by demands for food price hikes and other austerity measures,

was perfectly permissible. So

was the flow of credits, grain and technology to the Soviet Union, alleviating its eco-nomic problems and permit-

ting the diversion of its re-

sources into military pur-poses. What is objectionable

to achieve such foreign poli-cy goals as enforced adher-

ence to human rights agree-

A Rich-Poor Alliance Against Protectionism? -Letters-

government intervention

it to accept these sanctions."

This is an interesting story of historical evolution. Many of the leaders of the newly independent countries of the 1940s, '50s and '60s came to political maturity during the 1930s, when the Great Depression convinced them that there was no future for their countries as exporters of raw materials. That was a recipe for dependency and vulnerability. This early experience was compounded by dramatic fluctuation in raw material prices in the aftermath of the Korean War.

## Evolution in Thinking

These leaders began slowly to change their outlook during the buoyant '60s. But it was the oil price rise of 1973 that convinced many of them that exports were a life-and-death issue. The enormous and sometimes crippling debt problem that oil produced as they borrowed heavily to pay for their oil imports compelled them to accelerate their export drive. Trade became the stuff of survival.

The evolution in thinking in the Western in-dustrialized world has followed a different course. While welcoming the growth of trade of the '60s, the West has become unmerved by the pace of Third World expansion in the '70s. For the West the oil price rise meant reduced growth, mounting inflation and a rising chorus of protectionist sentiment to protect the diminishing supply of jobs. Albert Fishlow calls it the "new protectionism" - not the gen-eralized tariff barriers of old, but more deadly specific quotas aimed at specific products that pose a threat: textiles, clothing, footwear, household appliances, television sets.

The effect of protectionism has been substantial. In the last few years the share of developing countries in global textile and clothing exports has begun to decline. Fishlow raises the questions: If they cannot expand their

trade, how are the Third World countries going to repay their massive debts, and if they cannot, how are the Western banks going to sustain their confidence?

The Overseas Development Council is an institution with a strong liberal bent, and its prescriptions too often fall on deaf ears, but now it is not alone. Its critique is echoed in the Reagan advisers' annual report.

In a scarcely reported chapter it says the developing countries are "justified in claiming that the world trade system discriminates again them," and it makes a sharp attack on present protectionist pressures that it calls "a neo-mercantilist' view stressing export expan sion to the near exclusion of all other factors in a healthy international trading climate."

The report implicitly criticizes the recently concluded multifiber agreement for its tight restrictions on Third World textile exports, even though the Reagan administration was an important party to that agreement.

## A Common Cause

The council's reason for resisting protectionism is succinctly put: It is as easy to waste tax dollars and scarce economic resources on subsidizing exports as to waste them in better-known examples of federal profligacy.

All this convinces John Sewell, president of the Overseas Development Council, that the Reagan administration has important forces within it that could join with traditional liberal proponents of Third World development to make a respectable alliance - a new coalition that could stand up to the protectionist tide.

A common cause between the Reagan economic team and the proponents of Third World advancement could be politically irresistible. Economically, it would be the crossing of a great divide.

The writer is editorial adviser to the Independent Commission on Disarmament and

# Here Is a Curious Way to Woo the French

# By William Pfaff

PARIS — Some very odd things have been coming from Washsiles and strategic forces. France and Britain would be invited to integrate their nuclear deterington. There was the revelation, by The Washington Post, that Secretary of State Alexander Haig has rent forces with those of the a rough tongue when among colleagues whom he thinks, mistak-United States so as to cut costs enly, that he can trust. There and avoid dimlication. was new evidence, at President Ronald Reagan's last press confer-Moreover, to avoid "the absurd-

countries on every position to take —for example, being required to ask the opinion of the Netherlands every time there is a problem in the Near East —a NATO director-

ity" of consulting even the smallest

ry since work began on France's nuclear force, well before General de Gaulle returned to power, but the secretary could read the public opinion polls, or have them read to him by the American Embassy in Paris. He would then discover that France's independent nuclear deterrent enjoys overwhelming popular support in the country. So does its independent-minded

and nationalistic foreign policy. The French public believes in soli-

# Alliance atlantique : le projet américain

From Le Point, Feb. 15-21, 1982.

ate would be established, composed of the United States, France, Brit-

ain and West Germany. This done, the alliance would be

ready to negotiate with Moscow on Euromissiles, and on strategic arms reductions, the latter in bilateral meetings between Mr. Reagan and Soviet President Leonid Brezhnev late this year.

Mr. Kraft adds that these are controversial ideas even in Washington, and thus the Secretary of State will need help from abroad to get them accepted - above all, help from France. Without that support, U.S. policy risks falling into the hands "of the hawks in the Pentagon." And there will be rewards for France, "for example on interest rates." Finally, by restoring his country to the active military role in NATO which it renounced in 1966, "François Mitterrand will be seen as the architect of a newly rehabilitated Atlantic Alliance, the leader who lifted from NATO the shadow cast over

it by General de Gaulle." Very strange. Can Secretary Haig (or, for that matter, Mr. Kraft) really think that President Mitterrand is likely to respond to so naive an appeal to vanity? Or that French public opinion sup-ports abandonment of France's nuclear deterrent and independent foreign policy? Mr. Haig may not know a great deal about France's history over the last quarter centu-

darity with the allies against the hypothesis of a Soviet attack, but it is unwilling to accept American leadership. A poll conducted at the beginning of February for the magazine supplement of a conservative and pro-American newspa-per, Le Figaro, found that even in today's tense international circumstances, only 55 percent of those consulted believed that France needed to line up in one or the other international camp.

Forced to do so, the majority chose the United States. But only 35 percent think the influence of the United States upon Europe is today "favorable," and 37 percent think it "unfavorable," Fifty-three percent say they believe "in the possibility of a Europe which is

that rather disquieting. ©1982, Intern

free and independent of the two perpowers."
This is not, in short, an atmosphere in which an intelligent politi-cian like François Mitterrand would look for popularity by re-

tary organization. Does Mr. Haig think otherwise? Mr. Kraft is a knowledgeable Washington journalist, and he seems to take all of this very seriously, which suggests that unoffi-cial as well as official Washington has remarkably little grasp of what people think in Western Europe today. Washington's estimate of the significance of the West German and Dutch peace movements last year missed the point about as badly as this plan miscalculates European motives in detente and the European appetite for confron-tation. If Washington understands so little about its friends, what on earth do Mr. Haig, Mr. Reagan and Mr. Weinberger understand

turning France to NATO's mili-

It is usual in Europe to assume that there is more than meets the

But the truth, more often than not, is that what is said in Washington is exactly what is being thought in Washington. In the present case, Paris, London, Bonn — and The Hague — may find board, composed of 75 members, selected Maestro Rostropovich as its musical director solely on his outstanding artistic merits. The association is proud to have that great musician and citizen of the world for its musical leader. LEONARD L. SILVERSTEIN.

sand contributing citizens in the Washington metropolitan area and

throughout the United States. The

President, National Symphony Orchestra Association.

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# Herald Tribune

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# Feb. 26: From Our Pages of 75 and 50 Years Ago

Regulation of Banking

1907: Trial Focuses on Mrs. Thaw

NEW YORK - In face of a galling fire of questions, Mrs. Harry Thaw retained composure through two long sessions in the Criminal Court, where her husband is on trial for killing Mr. Stanford White. Prosecuting attorney Jerome led up to a dramatic climax by a long process. He had shown how Mrs. Thaw spent Mr. White's money while living with Mr. Thaw in Europe, grew cold toward Mr. Thaw on her return here because of stories of his brutalities to other girls, renewed friendly relations with Mr. White and went alone to Madison Square Tower on many occasions. The questions showed that her idea of virtue did not prevent her from finding Mr. White's company still agreeable.

PARIS - Speciators at leading Paris cinemas were shown a few shots of actual scenes in Shanghai when the bombarding commenced last month. These films were taken by the Fox Movictone camera and sound men, placed on the first boat for San Francisco and rushed by airplane to New York. Benjamin Miggins, the European head of Movietone, saw the films in New York and had them prepared hastily. "This is the fastest job Movietone has ever undertaken, considering the distance," he declared. "Since these first pictures were taken of the Chinese-Japanese hostilities, we have sent a number of troupes of camera and sound men all over the

# 1932: Action Film From Shanghai

Orient to cover subsequent events thoroughly."

# Potential Investors Reappraise Social, Economic Climate

By Jack Aboaf

PARIS — France continues to be particularly attractive for foreign investments, offering advantages that should not be un-derestimated. Nevertheless, the current economic and social climate and certain policy contradictions are compelling a number of potential investors to reappraise the situation.

This is the consensus that emerged from interviews with corporate executives and consultants during and after the recent twoday conference on the economic policies of the Socialist govern-

Jacques Favillier, the London-based executive director of Bank of America International, re-marked that France offered a number of advantages other than purely financial ones, "Potential

The nation's stable environment and strong industrial base make it an attractive site. But some executives have expressed concern over the possible impact of the government's

investors are not attracted only by incentives, but by countries where long-term prospects are best," he

policies.

consultant, concurred: "I am inclined to look at the positive aspects of France, not the least of which is the fact that it is extreme-'ly well-placed in relations with the ... Third World."

# Moderation Cited

Mr. Baillen conceded that in the early weeks of the new administration there were too many public statements that were "definitely frightening" to the international business community. But there has been considerable moderation since then, he said, and the twoday conference was a good example of the change. "It shows the government's desire to indicate to the world that it is open to dia-logue and proposals," he said. He added: "In difficult periods there is always a tendency to run scared. But difficult periods are also moments of opportunity."

Thomas L. Browne, vice president of Sprague World Trade

company decided to adopt a wait-and-see attitude in the early

months of the new administration. "But the climate has improved considerably since ... We find government officials receptive and very understanding," he said. Mr. Browne said that his company had expand its facility at Tours.

Edouard Welten, adviser to the

Board of Executive Directors of Bayerische Vereinsbank, acknowl-edged the solid advantages offered by France, but felt that the time may not be ripe for new foreign investments. Potential investors are still in the dark about the proposed fiscal reforms, plans to overhaul the Social Security sys-tem and the impact of the new labor relations with entreprenners. he said, adding: "All these aspects, which are of major importance, remain undefined ... Potential foreign investors want to know the rules of the game before making a

Mr. Welten's recommendations to potential foreign investors are:

## Reappraising Climate

Chris Petrow, vice president of the American Chamber of Commerce in France, said that in reappraising the French investment climate foreigners look at five main areas: the government's macroe-conomic policies; its attitude toward the private sector; its atti-tude toward foreign investment; unit and labor costs; and the labor

Mr. Favillier cited a number of contradictions in the government's current and proposed reforms: its emphasis on remaining open to the world and its decision to reconquer the domestic market; its decentralization program and its nationalization policy which, in decisions"; its desire to ensure a healthy corporate sector and higher corporate charges that will inevitably result in loss of competitive ness and jobs.

"What we saw [at the conference] was the traditional approach by Socialist ministers trying to woo, explain and sell their policies to an audience which by definition is not devoted to their cause," he

He agreed, however, that France has a stable environment and a very strong industrial base that should attract foreign investors. "If a businessman comes to the conclusion that his investment will result in a reasonable return, he doesn't really care what govern-ment is in power," Mr. Favillier

Several other conference partici-pants recognized that initial doubts and misgivings about the

FEBRUARY, 1982

	Investmer	nt From A	broad	
Сотрату	Activity	Investment (in millions of francs)	Site	Jobs Created (at completion)
Before May 10				
TRANE (U.S.)	heat exchangers	8	Charmes	60
KOĐAK (U.S.)	photo materials	70	Chalon/Saone	50
JOKEY-PŁASTIK (W. Germ.)	molds	-	Noeux-les-Mines	70
MIBACK (W. Germ.)	textiles	-	La Croix-aux-Mines, Saint- Rambert-en-Bugey, Tenay	800
HAPPISH (W. Germ.)	auto equipment	_	Conflans-s-Lant.	160
CHICAGO BRIDGE IRON (U.S.)	metal construction	-	Sedon, Arles, Dunkerque	1,180
AGROTUB (W. Germ.)	drainage materials	12	Саппаих	50 (+ 30)
SIEMENS (W. Germ.)	measuring instruments	2.2	Haguenau	35
STEEL CASE-STRAFORD	office dividers	40	Wisches	300
After May 10				
FORD (U.S.)	auto components	1,200	Bordeaux	
MITEL (Canada)	telephone switching	150	StDie-Epinal	1,000
HEWLETT-PACKARD (U.S.)	minicomputers	130	L'Isle d'Abeau	700
QUAKER OATS (U.S.)	animal feed	50	Saint Etienne	200
MACRODYNE (U.S.)	special metalwork	30	Parthenay	300
SPONSOR (Sweden)	stereoscopic material	7	Vic-en-Bigorre	50
STARKIST-HEINZ (U.S.)	conning	75	Douarnenez	600
			Ploermel, Pornic	
DANLY (U.S.)	machinery	20	Burnhaupt	40
AKA! (Japan)	electronics	20	Honfleur	200
MATRA-TANDY (U.S.)	micro-computers	20	Colmar-Wintzenheim	150
MATRA-HARRIS (U.S.)	components	_	Basse Loire	650
RANK XEROX (BritU.S.)	electronics	100	Lille	700
PIONEER (Japan)	electronics	<b>.</b> -	Bordeaux	200
CITIZEN (Japan)	watches	_	Besoncon	40-100
UNION CARBELF ACQUIT. (U.S.)	carbon-fiber plant	-	S.W. France	_
G.ESNECMA (U.S.)	precision machinery	-	Saint-Nazaire	500
INTERMAG (W. Germ.)	video cassettes	-	Besançon	120
LEVI STRAUSS (U.S.)	jeans	_	La Bossee (Nord)	180
- ·	· .			

ally disappearing. And a U.S. corporate executive noted the government's repeated assurances that it welcomes foreign investment "and values its role in the development of the French economy."

Arthur Ralph, director of Laboratoires Wellcome, a subsidiary of the Wellcome Foundation of Britain, noted that the government is realistic and takes fully into account the world we are Irving in and the constraints it presents." He added: "Oddly enough, there is a general feeling that the Socialist and more receptive [to foreign investors] than the previous ad-

Mr. Ralph said that his compa-

ny was planning a sizable capital investment on the Continent and that the choice of the country would be influenced by the advantages offered, the geographical location and the economic environment. For his company, which produces drugs, French price controls are a major constraint to expan-

sion, he said. Martin Cearnal, vice president for the health division of Revion Europe, Middle East and Africa, remarked that the fact that foreign investors were still coming to France meant that they had not been "scared off" by the change in

Although participants do not ex-

the French market, the outlook for investment growth throughout Europe is considered dim. The consensus, however, is that the arrival of a Socialist administration in France will not dry up foreign investments, except perhaps in labor-intensive sectors.

# Social Policy

Indeed, concern was unanimous over the possible impact of the government's bold social policy, notably the reduction of work bours, a fifth week of paid vacation and increased concessions to labor unions.

"If the move toward a shorter workweek is carried out in a way

the employer in the form of wage increases not justified by increased productivity, this will unquestionably act as a deterrent to foreign investments," Mr. Petrow said.

The extent of the restrictive labor practices, especially with regard to layoffs, is also seen as having a dampening effect on invest-ment decisions. "Businessmen can adjust better to increased costs but are afraid of increased inflexibility of both labor and capital," a corporate executive said.

Also on the negative side is the French nationalization program, the economic wisdom of which is doubted by most foreign corporate

(Continued on Page 11S)

# Foreign Projects Actively Sought; Results Are Mixed

By Axel Krause

DARIS - As part of its expan-I sionary economic strategy, the Mitterrand government has mounted a new and long-term campaign to attract foreign invest-ments to France. The performance record to date has been decidedly

The successful ventures include roughly a dozen investments, notaroughly a dozen investments, nota-bly American, announced after the Socialist election victory last May. But several other proposed U.S. ventures and a Dutch investment are being quietly blocked by the government, while about a dozen other projects — all in advanced planning stages — are being evalu-ated for approval. Indeed, the government's per-formance in attracting investments since the election provides but a

since the election provides but a sketchy answer to the repeatedly heard question: Is France a good investment bet?

Despite prospects for a modest economic recovery this year, the overall climate for new investment in France remains clouded by political and social uncertainties. These are reflected in a wait-andsee attitude prevailing among many French and foreign businessmen, bankers and consultants interviewed recently.

Yet, many foreign executives ap-pear convinced that France is and may well remain - a comparatively good bet for the future, primarily for economic reasons.

## Makes Sense

"There may be little, if any, po-litical incentive for coming here," said J. Paul Horne, Paris-based first vice president and European economist for Smith Barney, Harris Upham, a U.S. investment bank. "But from an economic standpoint, France makes sense

... There will be strains for the next year or so, but France remains No. 1 in Western Europe for potential industrial growth,"

As part of the campaign to develop that potential, the Mitterrand government is presently doing the following both in France

• Launching a sweeping mod-ernization of French industry by substantially increasing govern-ment expenditures and by nationalizing the nation's banking system and key industrial sectors, notably electronics, chemicals, pharmacenticals and industrial materials.

 Repeatedly stressing its policy of welcoming new foreign invest-ments, described by Prime Minis-ter Pierre Manroy as open and pragmatic. He told a conference sponsored by the International Herald Tribune in Paris earlier this month that his government's policy constrasts sharply with that of the previous government of Valery Giscard d'Estaing. "We are not Martians." Finance Minister



Pierre Mauroy



Jacques Delors told multinational executives attending the two-day

· Providing new or expanded incentives for foreign investments in the form of subsidies and tax advantages, primarily in areas hard hit by worsening unemployment. Although the measures are also aimed at domestic firms, the emphasis has been placed on attracting investors from the United States and European and Arab na-

 Negotiating behind the scenes (Continued on Page 8S)

# Major Ford Expansion Boosts Aquitaine Region

By Katherine Knort

BORDEAUX — Ford-France's announcement in October that it would make a 1.2-billionfranc, three-year investment at its Bordeaux plants, the largest for-eign investment since the election in May, was a boost for the Aquitaine region and for the new national government, even though the project had been taking shape for some time.

"We reviewed what impact it [the election] could have" and de-cided to go ahead, said Rudolph H. Boniface, president of Ford-France. Although company offi-cials are concerned about increased labor charges under the new administration and are critical of increases in business taxes, the move was a major commitment to a plant whose future had been in doubt, and that has been repeatedly idled because of the depressed U.S. automobile market, leading to early retirements and other programs to reduce personnel.

The investment is part of an overall Ford investment of \$20 billion between 1980 and 1985 in the automobile business, \$5 billion of that in Europe. The aim of the Bordeaux expansion is to produce parts for smaller, more fuel-effi-cient cars, in a global strategy to counter Japanese competition. "The Japanese are aggressive and Mr. Boniface said. ellicient." "Ford wants to be amongst the companies closest to being competitive" with them.

# **Extensive Retooling**

The investment involves as much money as the two original Bordeaux investments made in the 1970s, but there will be no new plant. Instead, the existing plants - one for automatic transmissions and the other for transaxles for the Fiesta — will be modernized and



Rudolph H. Boniface

ture the three-speed automatic cars. The plants also will manufactransmissions they began making ture parts that they previously got in 1973 — 75 percent of that production has been exported to the assemblies. United States - but the most important new product will be a more fuel-efficient four-speed automatic transmission for the U.S. a five-speed manual transmission significantly raise the output of the will be intended to widen Ford's rwo plants, which have been pro-

reorganized through extensive re-tooling.

They will continue to manufact in European assembly plants for the Fiesta, the new Escort and future

The first production stemming from the new investment is scheduled for the end of the first trimes-ter of 1983. The expansion should

The slowdown in production at the Bordeaux plants in recent years had led some union officials and the municipal government to fear the loss of the plant, and, con-sequently, of more than 3,000 jobs. Although the two plants are al-ready established in Bordeaux, they were nevertheless in competi tion for the latest investment with sites in other countries. Indeed, it was reportedly the generous fiscal and other incentives offered by the French government that tilted the balance in favor of this country.

Chaban-Dehnas Role

Mayor Jacques Chaban-Delmas of Bordeaux, who had a major role in the original siting of Ford in the region in the early 1970s, also pushed for this investment. Jacques Valade, first deputy to Mr. Chaban-Delmas, pointed out that the city felt there was a serious threat that the plant might wind down its operations, and that without the mayor's intervention without the political weight the former prime minister carries and his close relations with high-level Ford officials ,- "things would not have happened so simply." He also stressed that the new government had looked favorably on the in-

Bordeaux undoubtedly had a lot going for it. The region has attracted a number of other foreign companies, including IBM, TRW, Siemens and Sony — and the Japa-nese firm Pioneer has announced that it will set up a plant. It is a port area, with a container facility and Ford's production is exported. But one of the most important points in its favor is that it is among the most productive of similar plants in Europe — there are about 20 among various compa-nies — and one of the most com-

pentitive Ford plants in the world for both quality and productivity. As a Ford official in Bordeaux put it, it is "one of the centers that has best learned the Japanese exam-There are a number of reasons

for the high productivity. To begin with, Aquitaine has the lowest rate of absenteeism of any French region, according to the Bordeaux Chamber of Commerce and Industry, and among the lowest rates of lost hours because of strikes. While the area does not have a strong as the area does not have as strong an industrial tradition as others, it is the leading French region for aeronautics (with Avions Marcel Dassault-Breguet Aviation, Aerospa-tiale, Thomson-CSF and others) and among the leading regions for electronics. It has a relatively young work force, with a "very great faculty for adaptation," said Roland Especiel, director of com-munity and government relations at Ford-Bordeaux.

Cost Disadvantage Seen Nevertheless, Ford sees labor costs as a major problem. Mr. Boniface said, for example, that the planned eventual reduction of workweek to 35 hours would build in a 12.5-percent cost disadvantage for Ford.

Gilbert Levy, general manager at Bordeaux, said that the uncer-tainty caused by the government's recent debate on reducing the workweek to 39 hours, and uncertainty about the timing and details of future reductions, made planning difficult. He said that the reduction increased the company's handicap in relation to the Japanese, and that it could hamper future investment in the plant.

We are in direct competition," he said, "with people who have weapons, and very good weapons." Company officials are also not (Continued on Page 98)



Above, the Ford plants at Bordeaux. Below, employee works on automatic transmissions.



# The American C of C: Smoothing the Way

France, whose major objective is to put forward the businessman's viewpoint, the change in government in May was an opportunity to point out what it sees as roadblocks to foreign investment.

The Chamber, founded in 1894, maintains regular and wide-ranging contacts with all levels of the French administration, but the election led to a long, detailed memorandum to the government last September calling for reforms in tax laws for foreign business-.

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The Chamber is not in the business of making political stands, and its officials have been sensitive to suggestions that the memorandum was a criticism of the Socialist administration.

Executive Director Barrett Dower explained that the memorandum was a response to a government request for opinion on various policies, and therefore was only in that sense a reaction to the election. Chamber President David

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and say, 'This is something you can change for the better.' Although the memorandum generally

dealt with policies in effect before the elections, it did show concern about new social charges and taxes on the upper income brackets, which will affect senior executives located in France - and thus decisions by foreign companies to set

The government, which is studying the suggestions, has generally been responsive, Mr. McGovern

**Richard Ellis** 

17. rue de la Baume 75008 Paris

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PARIS — For the American men as well as a streamlining of T. McGovern said: "We were said, adding: "We certainly caught Chamber of Commerce in the procedure for setting up invest- trying to grab the idea of a change, their ear." He was cautiously optimistic about various recent moves, saying that, in certain areas, the government had already improved what the memorandum saw as problems, such as the slow approval process for investments. "They are faster," he said. "There's no question about that." In the memorandum, the cham-

ber compares French policies with those of Belgium and Britain, notably on tax laws, stressing the importance in company decisions of the willingness of executives to relocate. Saying that most senior executives, who usually remain abroad about five years, have investments and other financial ties in their own countries, the cham-ber adds: "The application to these people by the host country of the legal and fiscal rules normally applied to residents imposes, on them ... charges and restrictions that cause them often to resist relo-

The taxation policies affect mostly top-level decision-makers, and thus influence a company's decision to set up headquarters in a country. France has for years actively tried to attract headquarters companies. "Now is the time to not take steps to discourage them, Mr. McGovern said.

In France, for example, foreign businessmen after two years are subject to the same currency exchange controls as residents, while they are not subject to these in Britain and only partially in Belgium; and so the memorandum sug-gests that foreign executives be considered nonresidents for currency control purposes.

Foreign businessmen also are subject to regular French income tax, while in the other two countries they get sizable tax deduc-tions. France also taxes income earned by executives in other countries, while the other two do not. The memorandum stresses that foreign executives encounter costs in moving that often are not deductible, and that allowances from their employers artificially inflate their salaries, and thus their

The Chamber also cites the extra burden from certain recent French government measures, such as exceptional taxes on high incomes to pay for unemployment compensation, and from the ceiling on the standard deductions. The Chamber recommends a deduction on gross salaries to reduce the taxable base, and that income earned in other countries not be taxed. According to Mr. McGovern, the government has been sympathetic about the taxation problems, par-





David T. McGovern

ticularly about the application of the new wealth tax, which could in published last month, the OECD principle affect the assets of busissmen in their own country. But no specific steps have been taken.

In another matter, the memorandum calls for more precise government guidelines for foreign investors on such things as priority sectors and conditions for investment, thus streamlining what it says can be a long and expensive process to obtain approval for an investment. "French rules in this matter are in contrast to the current tendency in other Western countries that aims at a gradual easing of all rules for capital movements," the memorandum said.

The Chamber asks notably that there be a three-month cutoff for approval of new investments, after bich the approval would be tacit. It also recommends that ceilings on investments be increased, and in some areas lifted altogether. In this area also, the government

has been moving in a positive di-rection, Mr. McGovern said, with the confusion over priority sectors being "cleared up slowly but sure-- KATHERINE KNORR

# Foreign Projects Actively Sought

(Continued from Page 7S)

with several multinationals targeted for nationalization in an effort to keep them in France and linked to their French partners. The companies include Honeywell Inc., which owns 47 percent of the French computer company CII-Honeywell Bull, West Germany's Hoechst, which controls Roussel-Uciaf, France's No. 2 pharmaceutical company, and ITT's interests comprising telephone equipment

manufacturing plants.

• Insisting that France expects reciprocity for its investments abroad, whose expansion the government also intends to continue promoting Mr. Mauroy recently said that he had no fears about Washington's attitude. But he emphasized that international reciprocity is a crucial element in the sovernment's underlying commitment to promote investments both in and by French industry.

The underlying motivation for the government policy is a determination to reduce, and eventually reverse. France's worsening unemployment by stimulating gross national product, for which the goverament forecasts a growth of 3.1 percent for 1982. The Organization for Economic Cooperation and Development recently forecast only 2.3-percent growth this year, but all the pickup projections contrast with virtually stagnant growth throughout 1981.

**OECD Report** 

In its annual report on France also concluded that the nation's recovery, future employment and private investment levels were clouded by uncertainties.

In blunter terms, INSEE, the government's statistics office, said that, based on reports from French industry, the volume of new private investment in France during 1982 could fall by about 7 percent in real terms. INSEE warned that could jeopardize the recovery.

Meanwhile, however, French companies and banks have invested heavily abroad, notably in the United States, Latin America and Asia. According to U.S. government estimates. French investments outside France last year totaled more than \$5 billion, nearly double the 1980 total.

"It is ironic that as French business hesitates at home, they expand outside their borders, far more ambitiously," said a U.S. of-ficial who watches the French investment scene.

The official, who declined to be identified, said that, in sharp con-trast to the upbeat language of

French officials, several U.S. com-panies — all in areas of high tech-nology that he also declined to identify — regularly complain of continuing refusal by Paris to approve their planned investments.

These cases go back well before the Socialists, but they still are being blocked deliberately, which explains the secrecy ... The investment rules in France remain to be

A more transparent example of difficulties encountered in investing in France surfaced during the Paris conference when participants were asked how they had fared in their dealings with DATAR, the government's regional development agency. Among the dissatis-fied was Jan Willem Van Bussel, board member of the large. Dutch wernment-controlled UKF ferti-

lizer group.
"We still have not been able to get an answer to our investment re-quest," said Mr. Van Bussel, not-ing that since autumn UKF has been seeking permission to build a 400-million-franc fertilizer plant at

Some companies fear unfair, governmentbacked competition as a result of nationalization.

Gouaix, southeast of Paris, adjacent to a unit it built in 1964. DATAR officials said that the matter was still under study by a so-called decentralization committee, composed mainly of govern-ment officials, which is concerned with pollution and other environment-related issues raised by the project, "Given Paris' proximity to Gouaix, a protected area, the dos-

sier presents itself badly," an offi-

Behind the scenes, leading French fertilizer companies also are opposing the project on the grounds that UKF will benefit unfairly from Dutch governmentsubsidized natural gas that will be used in imported ammonia for the plant. This is a Dutch Trojan Horse that France doesn't need," said a French chemical executive. adding that a group of French fertilizer companies are launching the building of a similar plant near

"Unfortunately, the so-called gas advantage is not true," counters Mr. Van Bussel, who notes that UKF unsuccessfully sought permission for takeover of a leading

French fertilizer company in 1977. One alternative is to build the

plant in the Netherlands, he said. Roughly a dezen foreign projects, including UKFs, are under active consideration, which is roughly the number in the pipeline year ago, DATAR and other French government officials said.

Among these is a proposal by PPG industries of the United States to acquire the flat glass op-erations of BSN-Gervais Danone. France's leading food processing group, for an estimated 95 million francs, and to immediately invest 150 million francs in the company, PPG's proposal, which is expected to be approved shortly, would make the U.S. company the nation's second-ranking glassmaker after Szint-Gobain, a diversified and recently nationalized industri-

PPG executives have said in prithat, when the deal goes through, the company could face unfair government-backed competition from Saint-Gobain. Others share

"PPG is by no means the only private company fearing how the nationalized companies will behave once they start up under gov-ernment control," said an interna-tional lawyer whose clients include altinationals seeking investments in France.

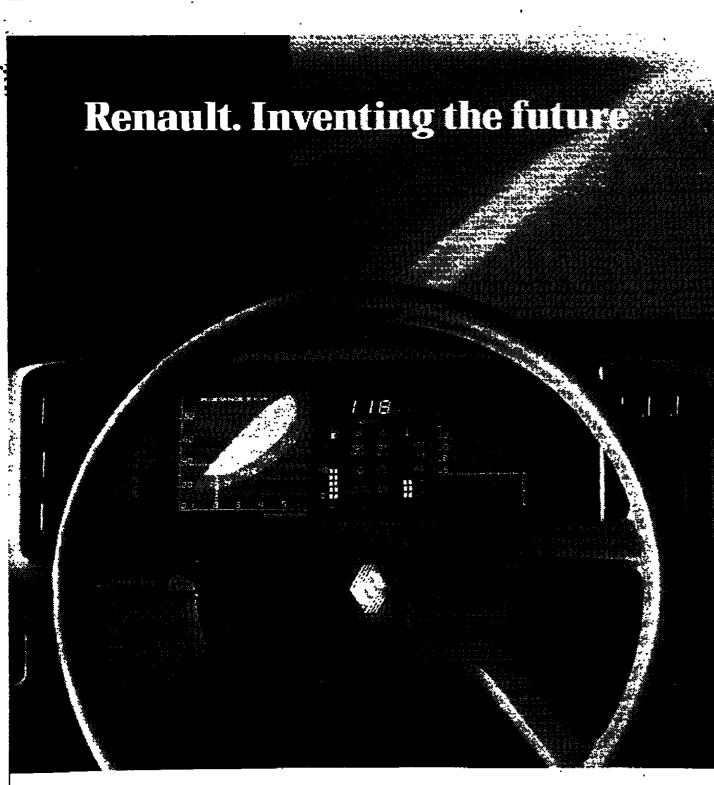
Such fears are brushed off by Industry Minister Pierre Dreyfus. He stresses that the heads of the nine newly nationalized industrial companies named on Feb. 17 are being ty and should not count on unfair

advantages from the government. However, neither Mr. Dreyfus nor other government planners deny that state-controlled companies now will account for a far greater proportion of the nation's industrial output - 32 percent after the nationalizations, against 18 percent previously, according to Industry Ministry estimates.

Meanwhile, the former head of Renault, which is expanding its U.S. operations, said that talks with Honeywell and ITT are con-

"We are no hurry," said Mr. Dreyfus during a recent press con-ference, responding to a question about the talks with Honeywell

and ITT. On Wednesday, the government announced that it would be taking 34-percent interest in Roussel, which might be increased later to 50 percent. But officials stressed that cooperation between the two companies in France and abroad



Tomorrow is already here: you rub shoulders with it every day in our laboratories and research centres. It is programmed into all the studies we carry out: on systems for transforming and saving energy, for fighting pollution, for increasing safety...on robot production techniques, on computerized and automated driving functions, on noise reduction and new fuels. But our studies are by no means confined to the automotive field. They cover all aspects of advanced technology; they explore new avenues of

research. And so we naturally work closely with organizations like the CNRS (the French Government Centre for Scientific Research), the universities, the engineer graduate schools and numerous independent laboratories.

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# Ford Expansion Gives A Boost to Aquitaine

(Continued from Page 7S)

sure whether they will be able to schedule workers more flexibly for example, on Sunday, which is not a workday now. "I cannot program a factory machine," Mr. Levy said, "with unknown parame-

Mr. Boniface and Mr. Levy are also critical about increasing French business taxes. "Those who invest are the most penalized," Mr.

Incentive Package Aside from considerations such

as the availability of skilled labor, the level of productivity and the general resources of the region, a major consideration for investment is the incentives that the gov-ernment offers, including tax breaks, low-interest loans and grants for jobs created. In this case, the government was apparently favorable, and Mr. Chaban-Delmas' connections undoubtedly helped again. A large package of incentives was agreed on — it has been reported that these were as high as 20 percent of the investment, although Ford officials de-

cline to give a figure,
Ford has been involved in Bordeaux off and on since the beginning of the century. Its most recent investment there began in 1973, when it set up the automatic transmission plant, at a cost of 600 million francs. When it put out the Fiesta in 1976 it set up another plant in Bordeaux, at a cost of 420 million francs, to manufacture and assemble the transaxle for exportation to the three factories assembling the Fiesta: Valencia in Spain, Sarrelouis in West Germany and Dagenham in Britain

The transmission plant exported more than 2.7 million transmissions between July, 1973, and De-cember, 1981, while the transaxle plant exported about 2.4 million of its products between April, 1976, and the end of 1981. Turnover in 1980 amounted to nearly 1.4 bil-lion francs, making Ford the larg-est exporter in Aquitaine (this ranking would not include all firms in the region, however, only those whose exports are ranked leaving Aquitaine), and the first French exporter for automobile components. It was rated 40th among French industrial exporters in mid-1981. Furthermore, 76 percent of Ford-Bordeaux's suppliers in 1981 — from raw materials to parts to services for the factories were French.

Despite the size of the invest-

"Ford was disengaging itself" from Bordeaux, said Jean-Claude Conte, the local secretary for the CGT at Ford. Although they were pleased by the latest investment because they felt that it committed

Ford to Bordeaux, they now fear a loss of jobs through new technology. "We know that in the future the choice of the multinationals ... is to move toward modernization," Mr. Conte said. "When they talk about competition [with the Japanese], they talk about new ma-chine-tools," he added. "What's going to happen to the workers?"

ment, employment at the plants — currently 3,200 — is not expected to be increased significantly in the

near future. A plan for early retire-

ment that was set up last summer will continue, and Ford expects

idle time this year. Hiring is not expected to begin until 1983, if

then, and this could eventually

raise the total work force to 3,600

higher than the national average -

9.3 percent in September, 1981, against a national average of 8.7 percent, according to DATAR, the

government's regional develop-ment agency. Furthermore, indus-trial employment in the region dropped 1.1 percent a year be-tween 1975 and 1979, then rose

only 1.2 percent between 1979 and 1980.

For some union officials, however

er, the investment is a mixed bless-

ing. The local CGT organization, which represents the workers in the lower-skill jobs, has critical

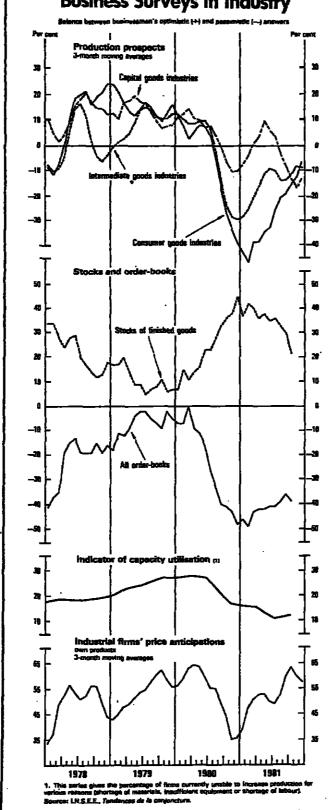
Ford for not investing in the plant, saying that it was letting the facto-ry for automatic transmissions be-

Unemployment in Aquitaine is

The union has called for a major training program over three years to guarantee that the current workers will be able to work on the new machines. Mr. Conte said Ford's current formation program was in-

Ford officials counter that, while the new machines represent a technological evolution, they do not represent a revolution or the wholesale use of robots. Mr. Especel points out that, when Ford originally came to Bordeaux, it had to train the local labor force, and that its training program has continued to do this. He said that, although some of the more repetitious jobs will be reduced or elimi-nated, the majority of the change will be an adaptation to new or re-

# **Business Surveys in Industry**



# Selectivity Is Key to Policy Toward Japan

By Joseph Fitchett

DARIS — Japanese investment I in France is closely linked with the politically sensitive issue of Japanese exports' spectacular inroads in the French market.

When we talk about reconquering the domestic market, we are thinking mainly about ousting some Japanese imports," a French Cabinet minister told a group re-

To right this commercial imbal-ance, French and Japanese officials and businessmen look to Japanese investment - and job creation — in France. For both sides, it offers hope of defusing the irritation building up over Japan's commercial edge at a time of high French unemployment, thus easing the pressure for outright protec-

"Politically, the Japanese have started to realize they can't expect to continue their export successes without some investment as a counterbalance," a French official said. "Yes," another official agreed, adding: "But we intend to make sure we get new technology and avoid becoming just an assembly area for Japanese products."

## Few Factories

The policy is in its infancy. Japanese investment in France -roughly \$400 million, according to Japanese Embassy figures mains small in comparison to the Japanese stake in for example, Britain or West Germany. Japa-nese factories in France are few. far between and small.

Major resistance remains. On the French side, the Mitterrand government intends to be highly selective, officials say, about which Japanese investments are approved

Ultimately, France hopes to see the Common Market adopt guide-lines to ensure that only useful Japanese investment is admitted in Europe, several officials said. Meantime, they said, France in-tends to accept only investments that reinforce the French industrial base, rejecting those that substitute Japanese technology for French products.

Japan also has not overcome its hesitations. While government of-ficials see the diplomatic gains of a larger Japanese presence in France, Japanese businessmen are less enthusiastic. "France is almost the last country a Japanese en-trepreneur thinks about entering." a Japanese diplomat said.

Now, after years in which it was almost nonexistent because of French suspicions and Japanese

vestment markets, Japanese investment is starting to develop in France.

Sony has a plant in Bayonne producing magnetic tapes, Akai has started an operation in Hon-HANNER HER STATE OF THE PROPERTY OF THE PROPER

We intend to...avoid becoming

just an assembly

build. These hi-fi investments, all recent, have joined the handful of earlier investments such as the

YKK zipper plant and small ven-tures by Pentel and Nippon Ink. Citizen watches is arriving, 100. In the pipeline, officials say, are two bigger joint ventures: a carbon fiber plant built by Toray, Union

ply the European market; and a videotape factory involving JVC. Thomson (recently nationalized) and some other European part-

But French selectivity continues to annoy the Japanese. "Sony was authorized because it makes a tape for which there is no French competitor, and Pioneer is equally opportune for the government's in-dustrial strategy," a Japanese dip-

lomat noted. Part of Japanese industry's hesi-tations about France, he said, spring from a mixture of ignorance about France and resentment caused by French quotas on Japa-

nese cars and electronics. On the French side, officials say that they will block any Japanese investment — for example, in cars
— that could undermine a vulnerable section of French industry.

Positive French criteria exist, too. For DATAR, the emphasis is on creating jobs, especially in re-

gions undergoing an industrial re-conversion. The Ministry of Industry has a slightly different emphasis: insisting that technology flow from Japan to the West.

For all the wariness, Japanese investments in France, once made, have generally proved satisfactory to both sides. Once we get in, the results are not bad; we're rather happy," said a Japanese who advised on several recent invest-

The gamble of the Mitterrand government is to attract higher grade investments designed to help modernize the economy.

For this, two bilateral commissions have been established to study French-Japanese industrial cooperation. One involves the French Industry Ministry and the Japanese Ministry of International Trade and Industry (MITI); the other involves the French and Japanese boards representing each na-tion's major corporate manage-

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From the OECD Economic Chalcol, December, 1981



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# Development Agency In Search of Quality

PARIS —"I think any company going into France for the first time would absolutely have to have assistance from DATAR to be suc-

This appraisal from an executive of the Union Carbide Corp., which recently announced new investment plans in association with the state-controlled Elf-Aquitaine oil group, goes a long way to portray France's competent regional development agency.

With its team of specialized civil servants and professionals, DA-TAR provides potential investors with information on different possibilities and incentives available under the government's regional development program.

But DATAR is not interested in attracting "just any investment," an official responsible for foreign investments cautioned.

## New Technology

Indeed, foreign investments must bring a positive and coherent contribution to the overall regional development program, which is essentially aimed at the establishment of manufacturing facilities, particularly in new technology, and at the creation of new and permanent jobs, especially in priority

The various incentives offered by France, apart from all the spadework done by DATAR experts, are consistent with the regulations of the Common Market governing financial aid to foreign investors, the official maintained "France complies with EC rules and regulations ... Our aid system is clear and publicly known," he

Regional development aid granted by members of the European Economic Community must comply with certain rules such as the importance of the population concerned, the characteristics of the crisis area and ceilings on direct financial aid.

Bernard Attali, the head of DA-TAR, said that the government was planning to modify the system of aids in a bid to simplify and improve the existing mechanism.

## Two Criteria

Under the new system, expected to come into force next April, fi-nancial aid will be based on two criteria - regional employment and town planning - instead of

It is intended to help small opera-tions with up to 30 jobs. In the case of town planning, the ceiling will be doubled from the current level to 50,000 francs per job, with a maximum of 25 percent of the investment involved. Mr. Attali pointed out that credits earmarked this year for such aids were raised by 62 percent to 1.3 billion francs from 800 million in 1981.

The importance of foreign investments in France's industrial restructuring process is acknowledged by the government. In the last 10 years, foreign investments helped to create about 100,000 jobs in the provinces, 43 percent of these by U.S. firms, Mr. Attali

Last year, 60 foreign firms announced plans to invest in France. They are expected to create abnout 12,000 jobs, with 27 firms and 7,000 jobs involving U.S. enterpris-

What is more, about 60 percent of the new investment decisions were made during the last six months of 1981 — under the So-cialist administration — an official

DATAR officials decline to talk about foreign investment projects under consideration. "There are no less and no more" than a year ago,

### information

Apart from government aid, reonal grants and tax reliefs. DA-TAR provides potential investors with wide-ranging and invaluable information. This includes in-depth studies for plant locations best suited to the project involved, labor availability and adaptability, training schemes, research centers, wages and other charges, housing and living costs, schools and universities, recreational facilities, and

The agency also supplies data, with maps and charts, of the area's transportation network such as highways, rail, air, inland waterways and ports, as well as commu nications facilities, utilities and the industrial environment.

Since its establishment nearly 20 years ago, DATAR has expended considerable effort in the provinces to improve the regional infrastructure, notably in areas of transportation, communications and telecommunications It has also improved the education training and research facilities, and developed industrial zones.

Aid for regional employment To help it carry out its assignment of attracting foreign inves-

tors, DATAR has set up 10 over-seas units, three of which are in the United States — New York, Chicago and Los Angeles. The others are in Japan, West Germany, Britain, Spain, Italy, Switzerland and

## Overseas Branches

The mission of overseas branches is to inform potential investors in Europe of the advantages offered by France, which, apart from

various incentives, include the size and growth prospects of its market, its geographical location and its privileged position with the African continent and the Middle

Shaded areas to be eligible for special subsidies for industrial projects

Information on potential investors is relayed immediately to DA-TAR headquarters, which, in turn, informs other ministries likely to be concerned with the project. DATAR comes under the authority of the Planning Ministry, headed by Michel Rocard.

When the talks reach a fairly advanced stage and the site is agreed cial said, upon, the company sends a task

force for an on-the-spot investiga-tion and further talks with the re-gional authorities. An average of between 12 to 18 months elapses between the first contact made abroad and the final decision.

Regional Development

## Services Free

"Our job is similar to that of a consultant except that our services

are free of charge," a DATAR offi-

Apart from the obvious strict confidentiality, potential investors now have one extra assurance: the often-heard complaints of administrative red tape and bureaucracy have been reduced to a minimum. "All administrations involved have received instructions to that

effect ... The pile of dossiers on government desks has all but disappeared," the official said. -JACK ABOAF

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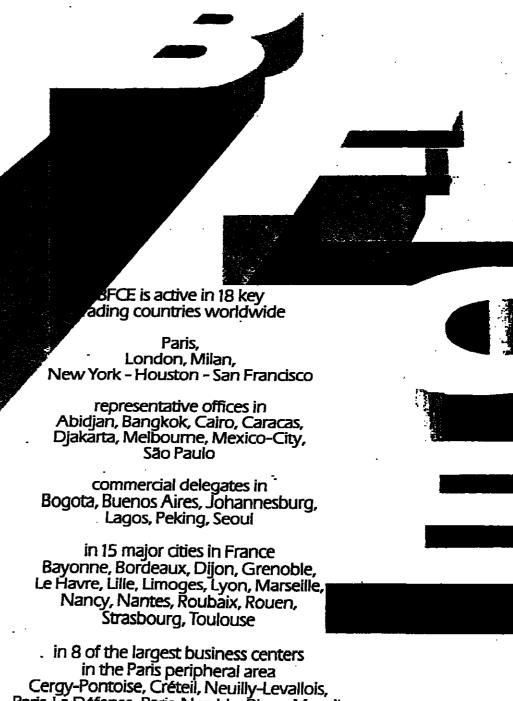
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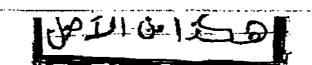


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# Investment in France

# Grenoble Rates High With Hewlett-Packard

By Alan Tillier

GRENOBLE - David Rose, general manager of the Hewlett-Packard plant in Grenoble, has a stunning view from his desk of the snow-capped Alps a few kilometers away. Our plants tend to be in attractive places — Colorado, California and the like." said Mr. Rose, an Englishman, "Grenoble is in the same league. In fact, this area is a bit like California, with its openness to new ideas. It's a bubbling place and there's lots of innovation here."

Hewlett-Packard has been in Grenoble since the beginning of the 1970s making computer termi-nals, computers and repairing boards. It is putting up a \$10-million building next to the existing one in the Grande Place area, a new residential and industrial complex in the Grenoble suburbs. And it has taken an option until 1985 on a 150-acre site at L'Isle d'Abeau, a new town for industry already functionning next to the Lyons airport, an hour's drive from Grenoble. This decision was made after the election in May.

Bill Hewlett, one of the founders of the company (50,000 employees worldwide, 4,000 products in business, industry, engineering, science, medicine and education) is a keen skier, and this counted somewhat in his decision to pick Grenoble, a former site of the Winter

Mr. Hewlett and the mayor of Grenoble, U.S.-educated engineer Hubert Dubedout, hit it off, and the result has been a \$40-million investment in France with 820 cmployees in Grenoble and 220 more

Mr. Hewlett's love of the slopes was not the determining factor, of course. Grenoble is near Geneva, the company's European administrative headquarters. Geneva's international airport and the later rapidly expanding Lyons airport provided the means of moving large quantities of supplies in and

Grenoble had the industrial framework for a company like Hewlett-Packard, and an exceptional backup with its university and specialized higher institutes for electronics and computer sci-

Karl Schwarz, then the general manager for Hewlett-Packard, said of the start-up: "The existence of several other large American companies such as Caterpillar and Becton Dickinson provided reassurance that the community had the necessary infrastructure to support the requirements of multinational companies. Then the city made available a choice parcel of land. This greatly simplified long-range planning as it virtually guar-anteed that the company would not have to move because of expansion." Hewlett-Packard is not only expanding on its present site and at l'Isle d'Abeau but has other projects for France.
Franco Mariotti, Geneva-based

vice president and general manager for Europe, says that he wants to expand in France and that the Socialist government poses no problems. The French operation had a 1981 turnover of 1.45 billion francs, and is closely associated with the French Thomson electronics group. Growth has been at an annual rate of 40 percent, although this is lower now because the recession. Exports from Grenoble run close to 500 million

francs. case. Its industrial tradition and its leftist political coloring meant that until May of last year it remained outside the zone of special govern-ment aids. It is the kind of city that even now is not going to receive the \$8,000-plus arrangement for each new job.

But like many regions in the Rhones-Alpes it offers skills and environmental auractions. "There is never any difficulty in persuad-ing a Parisian to leave the capital for Grenoble, a Hewlett-Packard executive said. There is also the intellectual stimulus of products conceived in Grenoble and marketed throughout the world. This city also has 30,000 students in a population of 400,000, six engineering schools and 450 engineer ing graduates each year. An advertisement for a Grenoble job draws at least 50 replies.

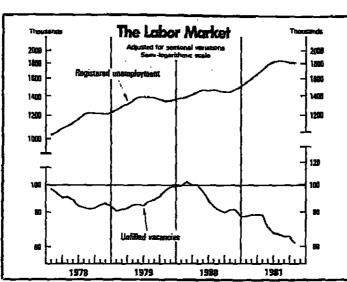
Hewlett-Packard has been in Western Europe for 22 years, and the area has become the secondlargest market after North America. As demand for material and service grows, Hewlett-Packard increasingly encourages all its manufacturing plants to develop new

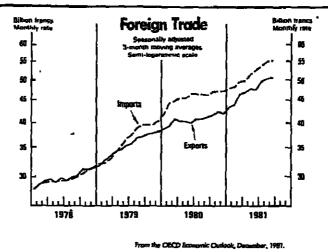
Since its opening, Hewlett-Pack-ard Grenoble has specialized in data collection products. An exec-utive explained: "Grenoble has a worldwide responsibility for researching, developing and manu-facturing. We have created a whole new series of data capture terminals, starting from zero."

Grenoble is both an ideas and production center, and a terminal developed in Grenoble could be produced in Puerto Rico, French Research and Technology Minister Jean-Pierre Chevenement has been in Grenoble to stress the importance he attaches to collaboration between university and industry.

The local offices of the BIEN (for the Office for the Implantation of New Enterprises) provided "invaluable services," in the words of a Hewlett-Packard executive, in meeting key members of the com-munity. BIEN helped smooth legal

and procedural problems. Grenoble provides its own incentives outside of grants from DATAR, the national government's regional development agen-cy. These are based upon the at-traction of scientific and intellectual skills and the fact that a manufacturing unit in France is wellplaced for export to the rest of the





and raw materials savings and en-

vironmental protection, provided the aids are really necessary and

But the commission is planning to

scrutinize them more strictly since.

although they do help to make Eu-

ropean industry more competitive in the world, they can cause sub-

stantial distortions in the internal

The plans of the French admin-

istration will therefore have to un-

dergo full-scale vetting by the com-mission if Mr. Mitterrand is to

avoid confrontation with the EEC

authorities. As specific techniques on how to stimulate investment are

decided upon, the Paris-Brussels

negotiations are likely to intensify

and may become increasingly con-

that the lack of any detailed pro-

posals from France makes it im-

possible at this stage to judge

Commission officials underline

troversial.

investment depends on them.

# EEC Taking a Close Look at French Policies that certain types of state aids would be looked upon favorably by the commission. These included ports aid for advanced technology, research and development, energy

government schemes to help

finance energy conservation mea-

sures or action by firms to combat

the environmental consequences of their activities. State aids in the

field of research and development

— particularly in the fast-expand-ing areas of biotechnology and mi-croelectronics — would also be

treated more tolerantly by the

Mr. Andriessen underlined at

the same time, however, that the commission intended to crack

down on unauthorized state aids,

and evidence of this tougher stand

is already emerging. Last year, the commission launched more inves-

tigations than ever before into na-

tional subsidy schemes for indus-

The EEC Commission's newly published work program for 1982

states that "the commission sun-

try.

By Craig Anderson

RUSSELS — French Prime

Minister Pierre Manroy will
face some searching questions when he visits the European Com-

mission here on March 5. According to a recent statement by the commission, discussions be-tween Mr. Mauroy and the 14 FEC commissioners will concentrate on the "principal aspects of the French government's economic will be the latest in a series of intense consultations between the European Commission and the Paris administration that have taken place at all levels since France's new industrial policy began to take

Although several Common Market countries have already exed suspicions that the new French measures to aid national investment and boost domestic industries may be little more than a thinly veiled attempt to elbow out competition from other EEC countries, the Brussels commission has maintained a low profile. Nevertheless, almost daily discussions in Paris and Brussels have taken

place for several months. Increasing attention is being paid to events in France by commission officials, particularly those working in the EEC's competition department. The man who is responsible for this major field of EEC policy, former Dutch Finance Minister Frans Andriessen, recently paid a surprise visit to Paris for talks with President François Mitterrand.

With the Mitterrand government now preparing its major program to encourage investment in France, Mr. Andriessen's officials are keeping a close watch on developments to ensure that the investment carrots that may be dangled country do not run contrary to the

EEC's strict rules on competition. Under the Treaty of Rome which serves as the basis of Common Market law, state aids are of-ficially prohibited, whatever their purpose. In the present economic knows that it has to be flexible in implementing this rule. In an important policy speech

last year, Mr. Andriessen stated

# Potential Investors Check Social, Economic Climate (Continued from Page 7S)

executives. "Foreign investors, who own some 20 percent of the nationalized firms and banks, are entitled to ask what is going to protect them from further nationalizations in the future," Mr. Wel-

Foreign banks in France, which barely slipped through the net of nationalizations, are not expected to venture into further expansion for some time, a U.S. banker said. Herve de Cramoy, general man-

ager for Midland Bank Ltd., remarked that France had always treated foreign banks with "great correctness," and that they would continue to play a positive role. Another complaint expressed by

several foreign participants at the conference involved the French personal income tax system, which also touches revenues generated abroad. A corporate executive said that it was a real drawback that often weighed heavily in the choice of a country, especially if a compawants to set up its European adouaters.

The business tax, inherited from the previous administration, is also seen as a negative factor, given its direct impact on production costs. Ford France, which recently announced a major new investment, is particularly hurt by the business tax, according to its president, Ru-dolph H. Boniface.

He pointed out that the tax was expected to boost the cost for each automatic transmission produced at the company's Bordeaux unit by about 3.8 percent this year from

1.1 percent in 1980.

Why did Ford select France for its new investment? "We had been more than satisfied with the per-

I have observed that this government is sincerely making' an effort to attract investment.

CONTRACTOR CONTRACTOR STATEMENT AND A STATEMENT OF THE ST

formance of our existing Bordeaux operations ... The quality of the production was exemplary and we enjoyed a strile-free relationship with our work force and all gov-ernment entities," Mr. Boniface

"Although I join the ranks of those concerned about the possible negative impact of some of the government's new measures, I have observed that this government is sincerely making a concerted, sincere and creative effort to attract foreign investment," he

TOSEPH FTICHETT, KATHERINE KNORR and AXEL KRAUSE are members of the IHT's editorial staff.

JACK ABOAF is the former chief of the AP-Dow Jones bureau

LINDA BERNIER and ALAN TILLIER are free-lance journalists based in Paris.

CRAIG ANDERSON is a free-lance writer based in Brussels.

# Lloyds Bank-services for corporate nvestment and hanking in France

whether the country's plans will

run contrary to the competition

President Mitterrand has

stressed in recent months that

France will stick by its treaty obli-

gations in implementing its indus-

trial program. Observers in other

EEC member states are not so

The president of West Germa-

ny's Bundesbank, Karl Otto Poehl,

recently described the French pro-

gram as "contrary to the spirit and the letter of the Rome Treaty."

Clearly, therefore, there is mount-

ing pressure on the commission to

examine every element of the plans

As a result, the French adminis-

tration has little alternative besides

involving the commission as a "si-

lent partner" at every state of de-

velopment of the new industrial strategy. Failure to accept this

fact, as Mr. Mitterrand knows, can

only lead to a major clash between

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# Arabs Reduce Flow of New Investments

By Linda Bernier

DARIS -- The election of a So-Cialist government came somewhat as a surprise to many oil-rich Arabs who during the last few years have been investing billions of francs in real estate and banks and, to a limited extent, in stocks and industrial ventures in

The elections, coupled with what is seen as an uncertain economy resulting from Socialist policies as well as investment competition from abroad, have slowed Arab investment in France considerably, according to knowledgeable bankers, investment advisers and ana-

There has been no significant disinvestment or removal of petromoney from France. But, as Lucien Dahdah, a director of the Middle East Economic Digest (MEED), said, "there has been a

small hold on new investment." A Saudi farm investment near Nice, for example, was postponed because of the change in government, as was the planned Saudi-Kuwaiti takeover of a bank in Paris, according to a banker who asked not to be identified.

Some Concern

Mr. Dahdah, formerly a foreign minister of Lebanon and head of a large Arab investment firm, said that "there was some concern in the beginning [of the new administration] because these Arab countries are conservative and they were used to dealing with a conservative government

Among some of the concerns of Arabs investors are the stability of the franc and the possibility of another devaluation, fiscal measures such as the wealth tax, the nationalization of major industries and banks, and the possibility of government intervention and restriction of free competition.

Another concern of Arab investors is French foreign policy in the Middle East. Although there was some apprehension because of past statements and sympathies that a Socialist government would adopt a pro-Israel policy, so far analysts say the feeling is that France has adopted a balanced policy.

Both French government officials and representatives of Arab interests, of course, deny reports that there has been Arab pressure on French policy in the Middle East. But many do not deny the negative effect on Arab investment that a perceived pro-Israel policy would have.

According to an important Arab investment adviser, who preferred

to remain anonymous, "there is no question that there is pessimism about strengthening the French economy in the medium-term. The first priority today is employment, not growth, nor strengthening the franc and balance of payments. There has been a fundamental philosophical change. The goals of the investor and the government are incompatible."

### Special Efforts

The government, conscious that its economic program might scare away existing or potential invest-ment from abroad, has made spe-cial efforts to convince foreign investors that the new economic program will not be disadvanta-

To encourage Arab investment in French stocks and bonds, for example, the government recently signed agreements with Kuwait and Sandi Arabia, as with other countries, that will abolish the 25percent withholding tax on interest earned from stocks and bonds. The government has also reduced the tax from 38 percent to 5 percent on interest accrued from domestic franc holdings of nonresi-

dents. According to one banker, most Arab investors have been "more or less reassured by the government and feel politics have been more to the center than they had expected." Other analysts, however, believe more time is needed to persuade investors that the economic climate in France will continue to be attractive to them.

What should encourage Arab investors is that contracts between Arab states and French companies have substantially increased since May, 1981, said Mr. Dahdah of MEED.

Arab investment in France, while estimated at several billion dollars, is still not as important as in the United States and other countries. And if there is currently little investment activity in France, said Talat Othman, general mana-ger of the Al Saudi Bank in Paris, it is perhaps because investment prospects in the United States and the Far East are far more attrac-

## Banking Activities

Arab banking activities in France, for the most part, have been continuing as usual. Total nonresident deposits in

French banks have even incresased from 56.5 billion francs from January to November, 1980, to 76 billion francs from January to November, 1981 — according to the Banque de France. Of course, as

deposits are in foreign currencies, which can be withdrawn at any

consortia Union de Banques Arabes et Françaises (UBAF) and Banque Arabe et Internationale d'Investissement (BAII), which have been operating with French nationalized banks for years, say further that nationalizations will not affect them. Officials at private Arab banks say that as long as the laws of the free market are respect-

ed they also will be unaffected. A few banks, such as the Banque Arabe Privee and the Saudi European Bank have increased their capitalization since the Socialist victory — the former from 15 million to 30 million francs, the latter

from \$10 million to \$20 million. As for lending activities, "France is still one of the 10 best credits in the world," said Robert Sursock, vice president of the BAIL.

If there had been a slowdown in French note issues, said a banker who asked not to be identified, "it was primarily because there was concern that the franc will be de-

There are those who say that France's push to become a leading financial center came to a halt when the Socialists took office. They point out that not one Arab was established in Paris last year while three were established both in 1980 and 1979, bringing the total number of Arab banks to 33, with a capital stock of about 55 billion francs, according to the Banque de France.

Others, however, say that the market for Arab banks might be saturated and that existing French credit laws have always precluded France from becoming a leading financial center.

While Arab investment in French stocks and industrial ventures has slowed down — one reason, some say, is that the most interesting investments for them have been nationalized - they have never been significant.

What has been more significant is Arab investment in real estate, which has also slowed considerably. Purchases of luxury apartments in Paris and villas on the Cote d'Azur have come to a virtual standstill, and there have even been a few sales, according to real estate experts.

Paul Masse, director of the center of real estate analysis and fore-casts, CAPEM, in Paris, blames the poor real estate market on the lack of confidence in the govern-

"For the moment," said Michael Fagot of the French association of real estate agents, FNAIM, "it's wait and see.

According to some investment advisers, however, now is the time to buy real estate, perticulary for those holding dollars, or petrodollars. With the exchange rate at about six francs to the dollar and a very soft real estate market, properties are 40 to 50 percent cheaper than they were two years ago, a

As for wealth taxes, he noted that they exist in other Western European countries and are often higher than in France. "What is a 10,000-franc tax to someone who can afford a 5-million-franc property, or a 60,000-franc tax on a 10million-franc property?" he asked.

# Industrial-Sector Jobs Created by Investment From Abroad

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	Combined
Ų.\$.	3.715	3,152	4,455	2,390	2,420	2,313	3,539	4,596	4,621	3,763	6,859	41,823
W.GER	3,050	3,820	<i>5,7</i> 05	3,130	470	730	520	3,600	2,693	2,459	1,843	28,020
BRIT.	-,000	0,020	1,125	1,440	1,365	310	540	832	1,116	1,475	532	8,735
SPAIN			.,	92	235	365	160	500	120	408		1,880
SWIT.			<i>7</i> 10	950	630		275	453	665	1,850	362	5,895
BENEL.			,	,,,	-	215	1,323	1,170	1,210	378	261	4,557
SCAND. 8	EN.			20	50	215	449	180	347	407	290	1,958
ITALY				مب	•	460	975	400	184	296	530	
CANADA						1.00	310			550	900	
JAPAN						60	30	150	330	180	300	
OTHER				170	130	10		30	470	80		890
TOTALS	6,765	6,972	11,995	8,192	5,300	4,678	8,121	11,911	11,756	11,846	11,877	99,413

# Rank Xerox Lets Its Money Ride on the Industrial North

ILLE - Rank Xerox is sticking with an industrial-univer-sity region, the north of France, which now has the added benefit of having the longtime mayor of Lille, Pierre Mauroy, as the prime

minister of France. Mr. Mauroy is not handing out large sums of extra francs to those wishing to set up or expand in his area, but "good citizens" like Rank Xerox established in Lille since the early 1970s see their dossiers and demands quickly approved

The result is that the U.S.-British office equipment giant is pumping another 100 million francs into investment in the Lille area, a decision taken late last year, well after the French elections. The company is going to convert its plant, currently engaged in repairing copiers and other office equipment, into France's first joint production unit for electronic typewriters and office automation.

For the regional authorities, it means that the 700 jobs at Rank Xerox, Lille, will be protected. For the national government, it means that the growing national trade deficit in office equipment and antomation will be reduced. This deficit has reached 2 billion francs, and risked tripling by 1985. For the company, it means generous start-up aid, the chance to attack a large interior market and the possibility to compete with Olivetti on a European scale.

Above all, the French government's plan to encourage the whole office automation equip-



New Rank Xerox plant at Neuville-en-Ferrain

ment sector meshes with that of Rank Xerox for a new European factory to produce a range of new products for the French, West German and other expanding West European markets. The company wants to produce not only electronic typewriters, but floppy disc items, printers, 820 small computers and more. There will be continued imports of components from Texas and California after the spring launching of the new Lille plant, but from 1983 production will be local.

Bernard Fournier, who is in charge of Rank Xerox operations in France, said: "We decided to move into France in 1972 and chose Lille for a number of reasons. It is a highly industrial region with many skilled workers. It is near the ports, has daily flights to Britain, where we have a large op- in half - hence the decision to re-

eration, and is also near to Holland, where we have another. The

presence of a major university is

always an attraction for a compa-

my such as ours." Lille general manager Louis Couque explained that DATAR, the government's regional development agency, gave an 8-percent refund on the investment, help with worker training and conce with the license tax. It meant 10 million francs worth of aid for a total investment of 60 million

The plant worked well for some years as a refurbishing center for Europe, but eventually business declined as sales matched rentals, office material generally became more solid and repairs were under-taken locally. It looked as though the Lille work force would be cut launch Lille as a center for office

The Giscard and Mitterrand governments sought to help this sector, and Rank Xerox says: "We are naturally interested in participating in this officially-supported

This time, the company has not had European Economic Community credits, but French credits have been more generous than before. The new typewriter-office automation plant will cost about 100 million francs. In return for this commitment, Rank Xerox will receive 40 million francs worth of low-cost credits from the state-controlled Credit National bank, and 3 million francs worth per year of exemption-delay with the license tax. Also included are the same government aid for professional training and various aids for export. The government realizes that Rank Xerox and other foreign concerns are interested both in the large internal market and in neighboring countries.

This corresponds again to the French policy for not only the "recapturing" of the internal market in the face of foreign competition but, as Foreign Trade Minister Michel Jobert points out, "the recapturing of the European market by Europeans." Rank Xerox is not European, but it is regarded as such when it mounts and expands an operation such as Lille.

The company was impressed by the speed with which the stamp of approval was given. It hopes thus to maintain its recent 15-percent-ayear growth in France, where the latest annual turnover was 2.25 his lion francs.

Michel Delebarre, chief official at the Lille city hall and a leading aide of Prime Minister Mauroy, said: "This one went through quickly both here and at the Matignon [the prime minister's office]

unlike some dossiers." He added that the Lille region had been picked over the Neiber-lands for the original Rank Xoron investment because of quick decision-making and the appeal of an industrial framework combined with the presence of 50,000 stadents, many of them in electronics and similar fields.

Lille and other developed French regions continue to stress these attractions as EEC rules limit total cash aids to avoid cuttiffoat compedition between econtri But there is still room for manquer within the limits, notably the retraining of workers, and the French will be picking up part of this tab with Rank Xerox's lat-

With the textile industry shedding 4,000 to 5,000 workers a year, Lille and its region are more than open to foreign investment, "We have no reticence over any investment," said M. Delebarre, who handles all investment matters in an area with a population of 1.2 million. "The Socialist victory on May 10 should not be a present against investment. We are ready to consider any dossier."

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# A Fresh Look for Winfield House

By Steven Rattner

New York Times Service ONDON — The official headquarters of the United States ambassador to the Court of St. James's is an imposing, modern and boxy structure on Grosvenor Square, in the heart of the fashionable West End. In reality, however, vast amounts of embassy business are transacted about one mile to the north during an array of social events held at a stately, Georgian-style residence called Winfield House. Winfield House has been refurbished through the

years, both to mitigate the effects of the entertaining and to reflect the tastes of changing occupants.

Thus, the three-story, 35-room mansion is again being refurbished, in part because of the arrival of Ambassador John J. Louis Jr. and his wife, Josephine, a couple from Winnetka, Ill. Louis served is a relative of principals in the Johnson Wax Co. A \$160,000 effort, underwritten by the U.S. government, is now under way to refurbish the first-floor

public rooms; the Louises are spending an undisclosed sum on the private areas. "Redoing the house took quite a bit of time," Mrs. Louis said over tea in the Garden Room, the mansion's principal entertaining space. The room is nota-ble for its 18th-century Chinese wallpaper, which

once hung in Townley Hall in Ireland.

What has made the redecorating effort by the Louises a bit different in the diplomatic world is the

involvement of two well-known designers.

Twelve years ago, Walter H. Annenberg, the publisher, spent \$950,000 of his own money and \$50,000 of the government's to renovate the house. A key figure on the design team was Ted Graber, who has worked more recently with Nancy Reagan in redecorating the White House private quarters.

Once again, Graber has been involved in refurbishing Winfield House, this time as a consultant. It was

### Vatican Plans Nuclear Shelter for Library The Associated Press

VATICAN CITY — The Vatican will begin build-ing its first bomb shelter in June to protect its priceless library collection against possible nuclear attack. The Rev. Alfons Stickler, head of the Vatican Library, said the shelter also will protect the 70,000 precious manuscripts and more than a million books from earthquakes. The 18-foot-deep shelter will be built in the courtyard of the library site in Vatican City, he said. The \$1.6-million cost will be financed by a loan from the West German episcopate, he said.

partly his advice that led Mrs. Louis not to make

wholesale changes in the five public rooms.

Since the Louises began their tenure last May, more than 1,000 guests a month have been guests at breakfasts, luncheons, teas, receptions and dinners. For the current remodeling, Mrs. Louis brought in Dudley Poplach, a South African who has master-minded renovations at the Prince and Princess of Wales' estate, Highgrove, in the Cotswolds.

In his design, Graber chose a different but tradi-tional motif for nearly every room. For example, the Gold Room is in the style of Louis XV, with lots of gilded furniture. The State Dining Room is Georgian and filled with mahogany furniture, including a pair of George III bombe chests by Pierre Langloise. The Reception Hall is dominated by four large painted

columns and an enormous Regency chandelier.
Under Mrs. Louis's direction, perhaps the most substantial change in the public rooms has been in the art selection. Anneaberg decorated the residence with works from his own collection and paintings by

such artists as Renoir, Tonlouse-Lautrec and Monet. Past residents of Winfield House have borrowed their art collections, and the Louises, too, have borrowed, in their case from Wildenstein & Co. At the suggestion of Poplach, Max Harari, the head of Wildenstein's London office, invited the Louises to visit the New Bond Street gallery. There, they chose 13 paintings, mostly from the 18th and 19th centuries.

The Louises' favorite is "Glacon sur l'Oise," a 1908 semi-Impressionist work by Gustave Loiseau. It hangs over the fireplace in the family dining room, a cozy paneled room painted in green and white.
"Obviously, we couldn't immobilize \$2 million or

\$3 million of pictures on loan," Harari said. But he added that the paintings selected for Winfield House would "not be sold while the Louises are there." Winfield House was built in 1937 by Barbara Hutton, the U.S. heiress to the Woolworth fortune. The

same came from that of her maternal grandfather, Frank Winfield Woolworth. In 1946, she donated the mansion to the U.S. 20vernment, but because war-related shortages slowed its

initial renovation to a snail's pace, the first ambassador did not move in until 1954. The residence occupies 12½ acres of Crown proper-t, the site of a villa built in 1825 by the Marquis of Hertford. Its grounds comprised the 472 acres now known as Regent's Park. The villa burned in 1936.

Mrs. Louis has also supervised work on two upper floors, where she brightened rooms she considered somber. "I like rooms a bit brighter and cheerier,"

# Izumo: Wild Duck and Japan's Shinto Shrine

By Henry Scott Stokes New York Times Service

ZUMO, Japan — One of the best-kept "secrets" from foreigners is that there are two quite different Japans. The first, like the Tokyo region, is dotted with factories, crisscrossed by bullet trains and ultramodern in appearance. The other is north of the east-west mountainous backbone of the main island of Honshu and faces the Korean peninsula. In this Japan there is little industry and the people are slow of pace, especially in winter. And winter, when the wild duck that is the specialty of the region appears on the tables of the country inns, is the time for a

Few foreigners visit this part of Japan because there's not much to see — with one great exception. At Izumo there is the Shinto shrine dedicated to Okuninushi-no-mikoto, a deity traditionally thought to have introduced medicine, sericulture (raising of silkworms) and ag-riculture. The shrine, a landmark riculture. The surme, a landmark site of Japanese civilization dating to at least the seventh century, and probably a good bit earlier, contains buildings constructed mostly around 1874; the main shrine, which is surrounded by a double wooden force deter from 1744. wooden fence, dates from 1744.

### Provincial Cuising

For those who wish to inspect the shrine, visit the local ryokan, or traditional inn, and eat some of the best food in the land — as in France, the good cuisine is found in the provinces — the procedure is simple. Ta · a plane from Tokyo to lzumo airport, a journey that lasts just over an hour, and a 2S-minute cab ride or somewhat-longer bus trip (cabs cost close to \$20 for the ride) to Izumo village.

Shinto — literally, "the way of the gods" — is to the outsider an astonishing mixture of the sacred and the profane. On the spacious grounds of the Izumo shrine, just to one side of the avenue of aged pines that leads to one of Japan's holiest places, the priests have parked a big, black steam locomotive, a venerable workhorse of the first industrial revolution in Asia. The locomotive is set there to attract children, but adults also swarm into its cab, pulling at its levers and murmuring in delight.

Shinto, a religion that lacks dog-ma or even holy writ, is very much a force to be reckoned with. Nearly 80 million Japanese swarmed to their local shrines on New Year's Day this year. Shinto is a religion that stresses such observances and it judges mankind by the criterion of works, not faith, like some branches of Christianity.

At Izumo one walks up the avenue of pines — the locomotive is parked on the left — and arrives in the shrine compound facing a prayer hall; the hall is impossible to miss because an enormous shimenanca, or sacred rope, is fastened to its front. Turn left at the rope and enter the concrete building,



The roofs of the main shrine.

Behind, in the East Corridor a few

waits with a cup of sake. She holds

a kettle of the rice wine and pours

it into an unglazed porcelain cup in the visitor's hands. The correct

response is to drink up in one

swoop - then to receive the cup,

wrapped in white paper, as a sou-

venir. The whole ceremony lasts no

Then a visitor is free to roam be-

tween the Inner Fence and the

Sacred Fence, over a pebbled com-

pound with flat grayish stones

dominated by the sanctuary, the

chigi striking up into gray winter

places in the land, second only to

the grand shrine at Ise, where the

emperor worships his legendary

ancestor, Amaterasu Omikami, the

sun goddess. At Ise no secular visi-

tors are allowed inside the sanctu-

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office and a museum with a collection of samurai swords.
The obligatory ritual that precedes a visit to the inner shrine it can be seen clearly, towering up to the height of a seven-story building — is short and simple. One removes his overcoat and a young woman attendant puts a

white vestment over one's shoulders, a kind of doctor's coat in Western eyes. Then one stands by a running tap and dips one's hands briefly into the water over a sprig of freshly cut pine. A priest then conducts one

toward the sanctuary, a wooden structure marked by chigi, huge beams that stick aslant into the sky from the roof of the building. Behind the sanctuary is a pine-cov-ered hill known as Mount Yakumo, the Mountain of Eight Clouds. The 300-foot peak is considered as holy as the innermost shrine itself and no visitors are allowed to set foot there.

The purification ceremony that follows is a rare experience. A priest in full robes and shiny black hat stands in the West Corridor and waves a wand toward the shrine. White strips of paper inscribed with Shinto symbols are attached to the wand: they flutter as he moves. After chanting a spell and a prayer he turns and waves the wand toward the visitor. The visitor next places a sprig of sakaki ("sacred tree," Cleyera japonica) on a low altar under an eightlegged gate, stands back, claps

gether more friendly. One has a close view of a shrine that marks the place of origin of the Japanese people, according to eighth-century chronicles. The chronicles denote Izumo as the habitation of the entire pantheon of Shinto gods. numbering many millions accord-From Izumo it's a short ride on a slow train along the northern shores of Shinji Lake to Matsue,

ary, but at izumo the tradition is more flexible, less mysterious, alto-

the "little Kyoto" of the region. The best place to stay is the Minami-kan, a ryokan that dates to 1889. The food is probably as good as one can get at the price — \$145 for two for an overnight stay with two astonishing meals — anywhere

A recent dinner there included an array of sea bream stuffed with barley, lightly cured whitebait served sashimi style, and a fish wrapped in a brown paper parcel and tied with string before cook-

A place to visit in Matsue -- in addition to the towering wooden castle, a rare structure not de-stroyed by U.S. firebomb raids in 1944 and 1945, unlike almost all castles in the rest of Japan — is a museum devoted to Lafcadio Hearn (1850-1906), a British journalist who settled in the United States for 20 years, went to Japan in 1890 and made it his adopted home. The journalist and universi-ty professor — who became a Jap-

anese citizen and took the name Yakumo Koisumi — was probably the first Western visitor to explore

the region around izumo. Hearn accomplished his dream of finding a home in Japan, after restless wandering in the United States, but he also earned the deep admiration of the Japanese; he is venerated to the point where each tiny souvenir — his monocle, the

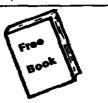
trousers he wore, his last letter -

is prized Another stopping place, about 10 miles west of Matsue, is a samurai inn dating to the feudal Edo period. At the Yagumo Honjin, the inn of the Eight Clouds, they serve the seasonal specialty, wild duck A visitor is escorted into an inner room of the vast, rambling inn. There the duck is brought un-cooked in a dish, sliced in fine pieces, a charcoal burner is set out and a big abalone sheet placed oa top. A fine stock is poured into the shell, where the visitor cooks the duck - supplied by hunters from the snow-covered mountains above the lake - and assorted greens. The duck lunch for two cost \$64.

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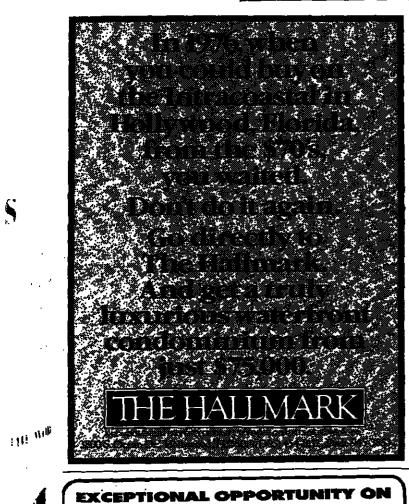
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NYSE Nationwide Trading Closing Prices Feb. 25
Tables include the nationwide prices up to the closing on Wall Street. Market Summary TABLE AND THE PROPERTY OF THE Dow Jones Averages Market Diaries NYSE Most Actives Sears Roet
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Mobil's **NYSE Index** Standard & Poors Index AMEX Most Actives Close 30% 12% 8% 29% 57% 19% 16 6% 27% AMEX Stock Index Odd-Lot Trading in N.Y. Dow Jones Bond Averages 344 AliRich 674 AtiRc 194 AtiRc 194 AtiRc 274 Augot 23 AufDt 15 Avcs 20 Avcs 20 Avcs 37 Avcs 21 Avcs 22 Avcs 38 Avcs 39 Avcs 31 Avcs 31 Avcs 31 Avcs 32 Avcs 31 Avcs 32 Avcs 33 Avcs 34 Avcs 35 Avcs 36 Avcs 37 Avcs 38 Avcs 38 Avcs 38 Avcs 39 Avcs 31 Avcs 31 Avcs 31 Avcs 32 Avcs 33 Avcs 34 Avcs 36 Avcs 37 Avcs 38 Avcs 3 37 38%+ % 17%+ % 23%+ % 36%+ % 34%+ % 23%- % 25%- % 25%- % 37% 88% 17% 24 16% 24% 25% 25% 25% 25% 25% 25% 36% 87% 17% 225 16 V/3 2374 2574 2574

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| The control of the

Stock market prejudices are difficult to climman, many overstors approach the war-the counter market as apprehensively as a string quartet booked to play into a Greenwich Village disco, it's a matter of attitude, attitudes nurtured by myths. One erossing decades ago, the Prince of Wales (later Edward VII) went to dumer at London's Savoy Hotel, where his attention focused on an intriguing item on the marter "Cuisses de Nymphos a l'Aurore", transland as "Nymphs Thighs at Dava". The dish was served; the Prince nibbled reflectively, then, demanded to know what he was eating. "From legs", announced the Chef. In those days, most Engistanten regarded the lowly frog as too vulgar to men's gastronomic obsissance, and so the ingenious reled who prepared the novthological disguine waited for the Royal werdier. "Delicious", pronounced the Prince, and another unpalatable prejudice faded. From that night onwards. Nymph thighs were ordered by the best people; and the chef, bocame removed. He was, of course, Georges Escuffier. Our editors are started gourners, passing along tasty moracis, streaming that the greatest georestric gains in the stock market have been realized by companies that incubated as "unlisted" shares. How many investors are cognizant of the last that CONTROL DATA went public, overthe-counter, at \$1 s' share, or that DENESON MINING, estapulted from pennics to over \$100, adjusted for sphin? Our current letter highlights two natural resource equities, both low priced and unlisted, that could mature into prominence, additionally, we review possible take-over candidates on the N.Y.S.E., rocalling how our researches preduced the acquisition of MARATHON OIL and other special aituations that proved restarding to readers. For your complimentary copy of this report, ploque write to:

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In his statement to shareholders the Chairman, Mr. Nigel Robson, says: "A major redeployment of capital resources is in hand through the planned sale of the two Hong Kong subsidiaries, Grindlays Dao Heng Bank and Grindlays Finance; this means added strength and the opportunity of making an improved allocation of the group's capital resources and a more even expansion of business in the United Kingdom and elsewhere in the world".

In the Pacific Basin the Grindlays Bank Group will continue to have a strong presence through its merchant banking subsidiary, Grindlays Asia Limited, in Hong Kong and its branches and offices in Australia, Japan, Korea, Singapore, Taiwan, Indonesia and Malaysia.

In February 1982 the International Merchant Banking Division based in London was established to develop and provide a common focus for the Group's specialist and cross border services.

Group profits for 1981 before tax were £34.5 million (1980 £33.7 million). Profits attributable to shareholders were £10.3 million (1980 £14.3 million). Profits retained for the year 1981 were £7.6 million (1980 £11.5). Deposits rose by 17% to £4248 million and Advances by 33% to £2644 million.

Grindlavs Bank Group

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	1981 audited £m 4464 4270	1981 1981* audited adjusted £m 4464 4410 4270 4180 194 230

\*To reflect the proposed sale of Grindlays Dao Heng Bank and Grindlays Finance.

# Page 15 Friday, February 26, 1982 \*\*

# Japan Angry At Stance by U.S. on Trade

By Robert Whymant The Guardian

TOKYO - Japan reacted with unaccustomed vehemence Thursday to mounting U.S. charges of "upfair" trading practices.

This followed reports from Washington that U.S. Commerce Secretary Malcolm Baldrige had said that Japan should do "some-thing dramatic" to open its market to foreign goods to escape the ris-ing tide of protectionist sentiment in the United States.

. Japan responded with what, by local standards, was a dramatic re-"I doubt if Americans know of the GATT rules," said Chief Cabinet Secretary Kiichi Miyazawa, the government spokes-

"That's why they have introduced reciprocity legislation that could send us back to the 1930s,"

iNs

[In Washington, Mr. Baldrige denied Thursday giving the Japa-nese an "ultimatum," as Japanese newspapers claimed, Renters re-ported. "I simply pointed out that not only American businessmen this administration feels that we do not have equal access to the Japanese markets," he said.] Mr. Miyazawa said Japan had

taken steps to open its market by implementing tariff cuts two years ahead of schedule, and lifting or easing 67 non-tariff trade barriers. "No other country could do as much," he said.

Japan had also made tremendous efforts to have the number of import items subject to quantita-tive quotas reduced from more than 100 to 27. Some European countries, he said, were imposing discriminatory import restrictions on certain Japanese goods in viola-tion of the General Agreement on Tariffs and Trade.

Mr. Baldrige's warning pro-voked Premier Zenko Suzuki. The U.S. demands on Japan were too vague, he said.
"Unless they talk in specific

terms, you can't tell whether [their position] is really barsh or flexible," he told journalists.

But later he said that economic ministers would meet next week and see what action can be taken in addition to the measures already

Mr Suzuki said he was awaiting the return of a trade delegation now in Washington. The mission, headed by Masumi Esaki, chairman of the ruling Liberal Demo-cratic Party's special committee on international economic policy, has been repeatedly told by U.S. offido not go far enough, and have not impressed the U.S. Congress, which is deliberating so-called "re-ciprocity" bills designed to secure better access to markets such as Ja-

# IBM Introduces Programmable Robot System

BOCA RATON, Fla. - International Business Machines said Thursday it was introducing a low-cost, programmable robot system, the IBM 7535, and expanding test marketing of an advanced robot system, the

IBM said the 7535, which assembles, packs, loads and unloads parts and can move its arm in four directions, carries a list price of \$28,500. Deliveries of the system, being built for IBM by Sankyo Seiki Manufacturing Co. of Tokyo, are scheduled to begin in the fourth quarter.

The company said the RS1, which can move its arm in six directions, is designed for precision assembly, insertion of electronic parts and other intricate operations.

# Japan Said to Press U.S. on Computer Sale Ban

TOKYO - The Japanese International Trade and Industry Ministry declined comment Thursday on a Tokyo press report that the Japanese government will urge the U.S. Defense Department to reconsider its ban on Hitacin's projected sale of a large computer to China.

The economic daily Nihon Keizai Shimbun reported Hitachi is seek-

ing special approval from Cocom, the control committee for trade with Communist countries, to sell its M-180 computer system worth about 1 billion yen (\$4.2 million) to China for traffic control use. The Defense Department has opposed the sale on grounds that it might be used for military purposes.

## Italy Wins Gulf Petrochemical Contract

BAHRAIN - Gulf Petrochemical Industries said Thursday that Snamprogetti, the Italian state engineering firm, has won the contract to build an ammonia and methanol plant in Bahrain, beating firms from Britain, Japan, West Germany and France.

A Gulf Petrochemical spokesman declined to price the contract. Estimates last year for the total plant cost were around \$350 million. Gulf Petrochemical is owned equally by Bahrain, Kuwait and Saudi Arabia. CBS, Japanese Firm Show High-Definition TV

United Press International WASHINGTON - CBS and NHK, the Japan broadcasting corporation, have demonstrated a new high-definition television project they hope will revolutionize not only the television industry but cinema as

High-definition television is claimed to provide pictures five times clearer and significantly wider than the current television picture. CBS said Wednesday it believes the development will revolutionize the television industry as much as the change from black and white to color.

# Indonesia Oil Firm Sets 90,000 BPD Target

JAKARTA — Caltex Pacific Indonesia, the largest single producer of oil in Indonesia, hopes to produce 90,000 barrels a day from a new fourfield complex by 1983.

The company, an affiliate of Texaco and Standard Oil of California, is already producing 22,000 bpd from the complex in the company's coastal plains production sharing concession area.

# Japanese Firms Join in U.S. Gasification Plant

WASHINGTON — A group of Japanese firms, including Tokyo Electric Power Co., Wednesday joined a group of U.S. companies and the Electric Power Research Institute in financing a \$300-million experimen-

tal power plant fueled by coal that will be transformed into gas.

The Cool Water Coal Gasification program will build a 100-megawatt power plant in the Mojave desert in Southern California that will be part of the Southern California Edison Co. system. The process involves changing 1,000 tons of coal a day into fuel gas. The plant is scheduled to begin operations in mid-1984.

# VFW and MBB Complete Structural Merger

cials in the past few days that the BREMEN. West Germany — Aerospace and defense companies spokesman there was practically concessions Japan has made so far Vereinigte Flugtechnische Werke and Messerschmitt-Bölkow-Blohm are no chance that the participants now operating as one concern, VFW managing director Carl Peter Ficht-mueller said Thursday.

VFW agreed at the end of 1980 to begin merging with MBB. Although the two companies will remain legally separate until mid-1983, when the name of VFW will disappear, structural integration is now complete, Mr.

# BUSINESS NEWS BRIEFS Canada's Alsands Firm **Loses 3 More Partners**

From Agency Dispatches CALGARY, Alberta - Three more partners in Canada's Alsands synthetic-oil project have said they are pulling out of the development consortium because projected returns were too small.

Shell Explorer Ltd., a unit of Shell Oil Co. of Houston, said Thursday that it was withdrawing its 20-percent interest in Alsands Energy Ltd. On Wednesday, Dome Petroleum Ltd., which has a 4.4-percent interest, and Hudson's Bay Oil & Gas Co., which holds 8 percent, said they were pulling out of the project, which is scheduled to begin converting tar sands into 137,000 barrels of crude oil a day in 1988.

A spokesman for Alsands Energy said Wednesday that the remaining consortium members had not changed their plans to seek new partners and proceed with the project, valued at 13 billion Canadian dollars (\$10.7 billion). But Alsands said it would be impossible for the remaining members to absorb the interests of the departing partners and that

new partners must be found if the project is to survive. The spokesman said Alsands representatives and government officials were to discuss the status of the project

## Meeting With Minister

In Ottawa, Canada's energy minister, Marc Lalonde, said that he planned to meet with the remaining partners later and that the government was still optimistic that the project could proceed. Alsands is seeking improved pricing and taxation terms. A spokesman said the withdrawals might induce the government to consider the re-

quests more seriously.

The remaining partners are Shell
Canada Ltd., which holds 25 percent; Petro-Canada, and Gulf
Canada Ltd. Shell Canada is a unit of the Royal Dutch/Shell Group, Petro-Canada is the government-owned oil company and Gulf Can-ada is a unit of Gulf Oil Corp.

Dome and Hudson's Bay said that the terms of the project were unsatisfactory but that they would consider rejoining it if the struc-ture changed. A Dome senior vice president, John Beddome, said that under some forecasts for oil prices Dome's yield from its Alsands investment would be less than 14 percent.

## Write-Off Disadvantage

Dome is to acquire next month the 47 percent of Hudson's Bay that it does not already own. Both companies are based in Calgary.

Shell Explorer said the terms of the project are such that an explorrate of return is considerably less than that available to other participants. Shell said it was disadvantaged because its income position in Canada precludes benefits from early tax write-offs.

Earlier this month, Chevron Standard Ltd. and Amoco Canada Petroleum Co. announced their withdrawal from the project, citing economic considerations. The two had a combined interest of 18 per-

At that time, an Amoco Canada would obtain the 21.5-percent return on investment that Canada had offered the group. He also said the partners could face a "financial bath" if forecasts of inflation and oil prices proved inaccurate.

# British Scientists Said to Invent Process to Make Oil From Trash

LONDON - Two scientists in Manchester, England, have invented a method of making crude oil from domestic garbage, press reports said Thursday.

The Press Association news agency reported that a pilot plant converts plastic, paper, cardboard, vegetable matter and textiles into three barrels of oil a day. The Financial Times calculated that 10 metric tons of garbage can be converted into 26 barrels of oil. It said the oil is equivalent to good quality Middle Eastern crude.

"We are doing in 10 minutes what it has taken nature 150 million years to do," Noel McAuliffe, one of the team of scientists at Manchester University, said. He said the process uses heat, pressure, a metallic catalyst and a processing liquid.

One report said research indicates that oil could be produced commercially at \$15 dollars a barrel, including the estimated £20 million (\$36.40 million) to build a full conversion plant.

# NYSE Is Mixed After Rally Stalls

From Agency Dispatches
NEW YORK — A decline in bond market prices ended a mild rally on the New York Stock Exchnage Thursday and stocks closed mixed.

The Dow Jones industrial average gained almost seven points by early afternoon but then eased to close at 825.82, down 0.95 point. Advances led declines by around 940 to 550. Volume slipped to 55 million shares from 64.80 million

Wednesday.
Oil stocks were among the most active issues for the second day in a row, although prices were mixed. Several analysts have issued buy recommendations for the stocks, which are trading at relatively cheap prices after months of weak

"The institutions are still nervous about the stock market and would like to see a test of the re-cent lows before making a definite commitment to an uptrend," said Michael Metz of Oppenheimer & Co. The Dow average closed at a 21-month low of 811.26 on Mon-

day. In New York, Federal Reserve Chaîrman Paul A. Volcker told the

# **OPEC Gathering** Seen for March

CARACAS - OPEC members are making preparations for an emergency meeting in the second half of March to discuss the fall in oil prices, Humberto Calderon Berti, Venezuela's energy minister, said Thursday.

A meeting this Saturday has been discarded, Mr. Calderon Berti told congressional hearings on the effect of declining oil revenues on the Venezuelan budget.

Conference Board's 1982 financial outlook conference that "given reasonable confidence in the success of an anti-inflation program today's bond market would appear to offer extraordinary investment

opportunities, "While the relationship between inflation and interest rates historically is not so close in the short run as some popular commentary would suggest there is validity to the view that over time the trend of interest rates, particularly longterm rates, should reflect in sub-stantial part inflation and infla-

tionary expectations," he said The government meanwhile reported that January consumer prices rose only 0.3 percent, the

Analysts said the market gained some early support from the price report. Moderating inflation could ake some pressure off short-term

Federal funds rates banks charge one another for overnight loans continued a weeklong descent hitting a low of 13 percent. A number of banks lowered their charges for broker loans.

Meanwhile the Labor Department reported that the average earnings of production workers fell a seasonally adjusted 1.8 percent after allowance for in-

# **Tin Prices in London Fall** To Lowest Level Since July

Three months higher grade metal finally traded at £7,380 or just £10 above the day's lows but £310 down on the day. Cash tin for immediate delivery reached a low point of £7,390 by the close, down £710 from Wednesday night, and was quoted at a discount of £50 a ton to three months.

Dealers were surprised by the sharp drop which some said represented heavy liquidation. But others felt it could reflect speculative short selling.

They were anxiously awaiting the next move by a mysterious buyer, widely believed to be acting on behalf of the tin producers.

Dealers said the sudden and LONDON — Tin prices plunged largely unexpected collapse in prices, with spot and three months last July, leaving dealers on the London Metal Exchange baffled about what caused the collapse.

Three months higher grade met. past eight months, which allowed both cash and forward prices to tumble.

After the hectic morning trading session at the exchange, the main market for the world tin business. dealers said pressure to find tin for immediate delivery evaporated.

The chairman of the London Metal Exchange Committee, Mi-chael Brown, said that trading had returned to a more orderly basis and the exchange will consider next week lifting the £120 maximum daily premium it set on ob-taining tin for immediate delivery if a review of members' holdings showed no "abnormalities."

# U.S. Inflation At 0.3% Rate In January

## Rise Is the Slowest For Year and a Half

The Associated Press WASHINGTON — Despite surging food prices, U.S. inflation in January was 0.3 percent — or 3.5 percent on annual basis — its slowest pace since mid-1980, the government said Thursday.

Analysts, in advance of the re-port, attributed the overall slowdown mostly to the continuing recession, but cautioned that the low January figure would likely pick

up somewhat later in the year.

The Labor Department said in its report that the Consumer Price Index rose a seasonally adjusted 0.3 percent last month, the smallest increase since the 0.1 percent of July, 1980. If the January figure held for 12 straight months, the annual figure would be 3.5 per-

The new monthly calculation was slightly better than the 0.4 per-cent increase of December and the 0.5 percent of November.

White House spokesman Larry Speakes welcomed the figures, saying the trend should relieve pressure on interest rates.

He also said the inflation rate has been reduced by at least onethird since President Reagan took office in January, 1981. For all of 1981, inflation rose 8.9

percent, well below the 12.4 per-cent of 1980 and the smallest increase in four years. Most economists are predicting that inflation this year will average

6 percent to 7 percent, barring unforeseen difficulties. The government's report said the January slowdown was helped by a sharp drop in gasoline prices.

the smallest rise in used-car prices in almost two years and a decline in clothing costs. Housing costs rose only 0.3 per-cent, continuing a trend begun in the fall. Mortgage interest rates went up 0.2 percent. Rent was up 0.6 percent, less than in recent months, but fuel and other utility

bills jumped 1.1 percent. Food costs rose 0.7 percent last month, following small advances of 0.1 percent in each of the previ-

ous two months.
Prices of fresh vegetables soared 16.8 percent. Prices for sugar, nonalcoholic beverages, and cereal and bakery products also rose, but the costs for meat, poultry, fish and eggs overall fell 0.3 percent.

# Chrysler Records Smaller-Than-Expected Loss

From Agency Dispatches
DETROIT — Chrysler's \$66.9 million loss in the fourth quarter of last year was smaller than most analysis had predicted and only half as large as some had forecast

The loss, reported late Wednesday, compares with a deficit of \$235 million a year before. Sales totaled \$2.74 billion, down from \$2,76 billion. For the full year, Chrysler's loss narrowed to \$475.6 million from a

1981 was the weakest in 23 years. Chrysler's sales for 1981 totaled \$10.8 billion, up 17.2 percent. The figures from Chrysler, the last U.S. auto company to report results for last year, brought the industry's 1981 losses to more than \$1.3 billion. In the past 24 months, the four U.S. companies have lost

more than \$5.5 billion. "in the perspective of current economic conditions, Chrysler's performance is impressive," the company's chairman, Lee A. lacocca, said in a letter to share-holders. "Given even a modest upturn in the economy in 1982, we look forward to a year of full re-

covery."

Chrysler has projected a \$150

# French Prices Rise 1%

PARIS — French retail prices rose I percent in January after a 0.6 percent rise in December, giving a year-on-year rise of 13.9 per-cent compared with 14.0 percent in December, the National Statistics Institute said Thursday.



million profit for 1982. But some analysts say the company will lose \$200 million to \$300 million this year unless sales improve dramatically, and Mr. Iacocca last week described sales in 1982's first quarter as "a disaster."

Touche Ross & Co., Chrysler's suditors, warned in the 1981 earnings report: "The deterioration in the corporation's financial condition has diminished its ability to absorb future losses, which, if incurred, could adversely affect its ability to continue as a going con-

But the auditors added: "The business and financial progress

# **CURRENCY RATES**

Interbank exchange rates for Feb. 25, 1982, excluding bank service charges.

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Brussels (a)	43.54	79.65	18,332	7,191	3,415 *	16.717	_	<b>22</b> .1515	5.075
Freekfurt	2,373	4346	_	39.23 *	1.663 x	9L13°	5457 *	124.13 *	
London (b)	1,8228		4,3436	11,0744	2,335,01	43647	77.5%	3.444	14,555
Allian	1.274.05	2.322.10	536.85	210.66		499.50	29.326	677.4B	160.38
New York		1.8333	0.4211	9.1653	6.07ES =	0.3643	0.023	<u>e 531</u>	0.7257
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1 ECU	1.0218	0.5584	2,4269	4.1784	1.363.76	2.6417	44.9062	1,9228	£1277
1 SDR	1.1295	0.6184	6826	6.8359	1,441.27	2,9411	49,16	2 2125	8.9757
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made by the corporation in 1981 has reduced the need for ongoing

Chrysler's improvement is credited to cost-cutting rather than to any major increase in car and truck sales. Still, by improving its share of the U.S. car market to 9.9 percent from 9.4 percent, Chrysler nearly matched its sales targets. But the cost of a rebate program and the sale of more stripped-

down cars than expected caused the company to exceed the \$200 million loss for 1981 that it proiected earlier in the year in a report to the board that oversees the \$1.2 billion in U.S. loan guarantees that Chrysler has received. Chrysler's fourth quarter loss would have approached \$100 million except for a change in accounting procedures and the sale

of tax credits that together improved the balance sheet by about \$36 million. Without the accounting change, the full-year loss would have slightly exceeded \$500 mil-lion. Chrysler said it changed its method of depreciating certain as-sets, reducing 1981 depreciation expenses by \$9.1 million a quarter. Chrysler also disclosed that it intended to work more closely with Peugeot, long mentioned as a pos-

goal of reaching a final accord by Dec. 31, 1983, on cooperation in developing a small car.

Although Chrysler announced last year that it intended to buy both gasoline and diesel engines from the French company, it had not disclosed the goal for reaching an agreement on the new car mod-

Peugeot bought Chrysler's Euro-pean operations in 1978, and as a result Chrysler owns 14 percent of Peugeot. The French company has an option to repurchase the shares but it would lose that option if the called "industrial cooperation

## French Customs Checks Merrill Lynch Office

ernational Herald Tribune PARIS - French Customs agents under the direction of the Budget Ministry began an investigation Thursday at the Paris offices of Merrill Lynch, the U.S. brokerage house, government sources

No details of what occurred were immediately available. Mer-rill Lynch refused all comment. A sible merger partner. A footnote to the financial statement said the Budget Ministry spokesman, call-ing the move "routine," said the check could last several days. companies agreed last May on a

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turning red wine into white, an event that would have considerable economic impact in the midst of a white wine boom.

But wineries that have been experimenting with the enzyme, marketed under the trade name "Pectinol DL," say they are underwheimed.

Corning, based in Corning, N.Y., said, "Initial studies at five of the largest wineries in California, New York and Canada have shown that a new enzyme from Corning can remove most of the color from the juice of red-wine grapes."

Corning claimed that the enzyme, called an-

thocyanase, can also save money by increasing the amount of juice yield per ton of grapes. "It simply didn't work," said one California vintner. A second said, "We didn't see any result," and a major New York winery said that the product "fell far short of the miracles promised." The wineries asked not to be identified because of a new disclosure agreement they have with Corning Glass.

A Corning spokeswoman seem dumbfounded by views of the vintners and read consultant reports taken at some of the tests. Some winery representatives suggested they possibly used the material in an improper way or that it was more effective on some varieties of red-wine

grapes than on others.

The company stressed that the enzyme was being used at the wineries on an experimental basis and that no wine treated with the enzyme has been put on the market.

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# Russia Speeds Up Grain Purchases

The Associated Press rent buying spree has pushed its grain purchases well past the halfway point of the amount the United States has agreed to sell Moscow

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The Agriculture Department said Wednesday that the Soviet Union has bought an additional 200,000 metric tons of U.S. corn nearly 7.9 million bushels - for delivery

through Sept. 30.

Officials said the sale raised to almost 12.1 million tons the grain that the Soviet govern-ment has bought for delivery in 1981-82, the sixth and final year of a grain agreement with

the United States. The pact guarantees that the Soviet Union can buy up to 8 million tons of wheat and corn annually, but allows more to be sold if U.S. approval is given. Moscow was told it could buy 23 million tons in 1981-82.

Meanwhile, the National Farmers Union told members in its latest newsletter that farmers should not raise their hopes "that this is the start of a new market-firming wave of major

purchases" by the Soviet Union.

"All indications are the purchases were made to keep the pipeline full, pending the harvest of crops in the Southern Hemisphere." the newsletter said.

As long as tensions remain taut between the U.S. and the U.S.S.R. and U.S. officials continue to hedge their pledges there will be no further embargoes. Soviet officials are unlikely to purchase large tonnages of U.S. grain for far-off delivery," it said.



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# SEC to Test a Change In Underwriting Rules

By Kenneth B. Noble New York Times Service

WASHINGTON - The Securities and Exchange Commission has approved a temporary change in underwriting procedures that some investment bankers have said will undermine their role in bringing new stocks and bonds to the

The measure was part of a package of rules approved Wednesday that will speed and simplify the filing of information by major com-panies when they sell securities in the open market.

The change in underwriting procedures was adopted for nine months. It is expected to become effective within a few days, but the commission said eligible companies could change their practices immediately.

## Final Action Deferred

In adopting the rule temporari-ly, the commission postponed final action pending the outcome of hearings, which are to take place in months the commission is to decide whether to continue the measure, modify it or rescind it.

The rule would allow a corporation to file a single registration statement with the SEC that would be good for two years of issuing bonds, stocks and other financing, with its issues.

Underwriters, led by Morgan Stanley, one of Wall Street's top investment firms, had urged the SEC to postpone action on the rule. The securities industry has argued that without the waiting peri-od now required to file information with the SEC for each issue, frequent fund-raisers, such as American Telephone & Telegraph, could offer their issues directly to major investors, without using investment houses to put together

syndicates. Some underwriters also fear that the rule could fragment the underwriting market because companies might be encouraged to issue blocks of stock in smaller sizes through several securities firms. Traditionally, most large offerings have been handled in a syndicate

led by one underwriting firm. Edward L O'Brien, president of the Securities Industry Associa-tion, a trade group, said Wednesday: "We were disappointed it didn't go precisely the way we - which would be not to enact it at all. We also would have preferred that there would have been hearings before it was implemented even in the form that it was taken today, but it's better

## than it might have been." Backing From Issuers

He said that the industry's reaction to the rule was "an anomaly, because we're very much in favor of the integrated disclosure pack-

Benjamin W. Edwards, president of A.G. Edwards & Sons, a regional brokerage house

# U.S. to Meet Swiss On Illegal Dealing

BERN - Switzerland and the United States said Thursday they will have talks next week on pre-venting the use of Swiss banking secrecy as a cover for illegal trad-ing on American stock markets.

Both sides expressed confidence that ways can be found to block U.S. investors with insider knowledge from trading shares through Swiss banks.

Insider trading, illegal in the United States, is not barred in Switzerland, although a law is being prepared. The Swiss government said it is ready to discuss stopgap measures pending completion of new legislation.

based in St. Louis, said: "It looks to me that the new rule would favor firms such as Merrill, Hutton and Bache over Morgan and First Boston, because they can take blocks of stocks and issue them through their own systems."

Many large corporations support the rule as a means to gain flexibility in the capital markets. Companies such as Exxon, United States Steel and Du Pont have endorsed the proposal.

Among major securities firms, Dean Witter Reynolds, a unit of Sears, Roebuck & Co., has endorsed the proposal, arguing that it would facilitate the development of innovative capital-raising techniques which would reduce burdens and costs to issuers."

Wednesday's decision on the controversial rule is limited to major corporations — generally those that have at least \$150 million in stock outstanding and are widely followed by analysts — or those with trading volume exceeding more than three million shares an-nually. The SEC staff estimated percent of all New York, Ameri-

# New Plans for U.S. Thrifts thus permitting a company to go quickly and directly to the market Are Outlined by Regulators

WASHINGTON — The Federal Home Loan Bank Board proposed Thursday to allow federally chartered savings and loan associations to compete much more di-rectly with banks and other finan-cial institutions.

Under proposals amounced by the board for public comment during the next 60 days, the 2,600 federal S&Ls in the United States could operate money market funds and engage in a wide variety of commercial lending, real estate brokerage and other business ser-

The board's chairman, Richart T. Pratt, told reporters the proposal is designed to make ailing S&Ls "viable" in the long run.

The proposals would broaden powers of service firms set up by federal S&Ls, allowing them to:

· Operate money market mutual funds and engage in certain securities-brokerage activities. Money market funds, now operated by brokerage houses and other financial institutions, pay depositors interest rates that fluctuate with those in financial markets.

 Underwrite casualty, property and life insurance and offer private mortgage insurance. S&Ls now are allowed only to act as agents for certain kinds of insur-

• Act as real estate brokers to the public. Currently, S&Ls are alkerage only for themselves or their

parent companies. • Offer commercial loans and letters of credit and engage in leasing. S&Ls at present are restricted largely to lending for home mort-

 Engage in other activities in-cluding acting as futures-commis-sion merchants, manufacturing mobile homes, collecting debts, offering coin and currency services, preparing tax returns for businesses, investing in certified development corporations and trading in Government National Mortgage

Association options. "These proposals reflect the feeling of the Federal Home Loan Bank Board that the allowable activities of institutions are not sufficient to maintain a good, competitive, viable framework in the long run," Mr. Pratt said at a news con-

Though Congress is considering similar expanded powers for S&Ls,

All of these Securities have been sold. This announcement appears as a matter of record only.

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Mr. Pratt said the bank board has power to put the proposals into ef-fect on its own after the comment

Rubber Pact Delayed

The Associated Press

period Mr. Pratt had no comment on whether S&Ls also need more immediate government assistance to get out of their current bind. One trade group, the National Savings and Loan League, proposed this week that the government provide short-term assistance totaling as much as \$15 billion, depending on the level of interest rates.

Past government policies have channeled S&Ls into concentrating their lending on long-term, fixed-rate mortgages. To attract funds, S&Ls in recent months have had to offer depositors higher rates than those charged on long-term

## U.S. Trade Begins In Futures Based On a Stock Index

KANSAS CITY, Mo. — The Kansas City Board of Trade has opened trading in stock-index futures contracts, the first of their kind in the United States.

More than 2,000 of the futures changed hands Wednesday, the first day of trading. The exchange is the world's biggest market for hard, red winter wheat, but the more than twice the usual wheat

Joseph Granville, the stock analyst, predicted that investors would quickly catch on to stock-index fu-"Kansas City will drain money out of Wall Street to play this game," he said.

The contracts for future delivery of a hypothetical portfolio based on the Value Line index of 1,700 common stocks allow traders to speculate on the overall performance of the market without buying

The Commodity Futures Trading Commission has received more in a dozen other proposals from futures exchanges that hope to trade stock-index contracts, but some congressmen are pushing for restraint. Rep. Benjamin S. Rosen-thal, a New York Democrat, has denounced the Kansas City contract as "premature and irrespons ble," contending that the commis sion does not have the strength to monitor the market

# **COMPANY REPORTS**

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4th Quar, Revenue. Net Loss. 1981 10,820. 475,6 KUALA LUMPUR, Malaysia - The International Natural Rubber Organization will meet in Kua-la Lumpur March 5 and 6 to dis-Crown Cork & Seal this Quer. cuss the EEC's request for an ex-tension of the Feb. 28 deadline for

ratification of the International 1981 1,370, 64,8 4,45 1980 1,450. 73.2 4.98 Natural Rubber Agreement, the organization said Thursday. Profits ..... Per Shore. Int'l Teleph 1981 23,200 676.8 4.58 Litton Industries

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> Sir Hugh Quits Board Of House of Fraser Ltd.

AP-Dow Jones said Thursday that he has resigned as a director of House of Fraser Ltd. LONDON - Sir Hugh Fraser

"I have not been receiving the information which I consider necessary for me to fully and properly carry out my duties as a director," said Sir Hugh, who was ousted as chairman last year. A spokeswoman for the company, which owns Harrods and several other department stores, said the other directors declined to comment on the

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# Mexico Extends Price Control List Following Devaluation

By Juan M. Vasquez Los Angeles Times Service MEXICO CITY - Mexico has added 47 items to its list of pricecontrolled products and threatened violators of the controls with

stiff fines and jail sentences. The measure was the govern-ment's first response to inflationary pressures unleashed by last week's sudden devaluation of the Mexican peso, and brought the price control list to 147 products. The additions range from butter and chocolate to automobiles and

television sets. The Commerce Ministry said Thursday officials shut down a dozen companies including a Sears store and two other big depart-ment stores, for raising prices in vi-olation of price controls, UPI re-

"Only mercenaries would use devaluation as a pretext to raise prices," said Secretary of Commerce Jorge de la Vega Dominguez in announcing the new controls. These are the thieves we have set our sights upon.

price increases for controlled prod-Meanwhile, informed banking

## Selected Over-the-Counter

NEW YORK (AP)— The following list is a selected Notional Secu-rities Declers Assn. over the counter Bonk, insurance & Industrial stocks. Ednylos Econt. Mile Econt. Mile Elder Be Franco Formal Freman he said, are bread, tortillas, sugar, cooking oil and eggs. There will be a slight price reduction on beans.

ment of the devaluation im-The central bank continued to buy pesos in order to hold up its value against the dollar and other value" in the marketplace as of Feb. I.

Before devaluation, 26 pesos could be bought for a dollar, and afterward, 38 pesos, about a 30 percent drop in value. Mr. de la Vega emphasized Wednesday that the widened price controls were temporary and not intended to freeze prices.

All controlled items that depend bidding "illegal enrichment." on imported components, he said, will be allowed to increase in price in relation to the cost of the im-

torcycles, soft drinks and insecti-cides will be particularly affected. Mr. de la Vega said the price controls will be in effect for three months, with a 10 percent limit on

ncts during that period.
The only products whose prices

ports. Automobiles, TV sets, mo-

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sources said that the Bank of Mex-ico never withdrew entirely from supporting the peso in the foreign

exchange market as the Feb. 17 an-

foreign currencies, they said.

will be frozen at the current level,

According to Efren Franco, undersecretary of commerce, the standard for determining the controlled price is the items' "price

In addition to imposing strict controls on 47 new items, the gov-ernment said it will "register" the existing prices of 45 other products, including beer and clothing. If these items increase in price by 50 percent or more, Mr. de la Vega warned, the vendor could be subject to penalties under a law for-

He said violators would be fined

and three times as much for a repeated violation, and could be held inder "administrative arrest" for

36 hours. "It appears they are trying to use the announcement of price controls and the suggestion of suff measures against abusers as an instrument of price restraint," a U.S.

businessman, whose company deals in hospital supplies, said. Most foreign firms had expected a devaluation and were not caught holding large amounts of pesos, he

Mexican firms, said one banker, had similarly expected the deci-sion, although not quite so soon. and had built up substantial dollar

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DOLLAR (Com.) 17

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Consolidated Balance Sheet as at 31st December, 1981

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	U.S. \$000	U.S. \$000
Assets		
Cash and Banks	1,151,778	984,824
Investments	108,136	77,738
Loans & Advances	1,620,572	1,072,873
Accrued Interest Receivable & Other Assets	79,023	53,458
Fixed Assets	34,743	29,314
Total Assets before Contingent Accounts Clients' Liabilities for Letters of Credit and Letters	2,994,252	2,218,207
of Guarantee	686,271	564,582
	3,680,523	2,782,789
Liabilities		
Customers' Current & Deposit Accounts	625,602	640,771
Due to Banks	2,000,863	1,295,923
Loan Capital		5,000
Proposed Dividends	14,000	12,000
Accrued Interest, Provisions & Other Liabilities	138,116	92,440
Minority Interests	32,161	9,951
Total Liabilities	2,810,742	2,056,085
Total Shareholders' Equity	183,510	162,122
Total Liabilities & Shareholders' Equity before		
Contingent Accounts	2,994,252	2,218,207
Group's Liabilities for Letters of Credit and Letters of		
Guarantee	686,271	564,582
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**European Gold Markets** 

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DKB ECONOMIC REPORT

Little change is taking place in the slow pace of recovery of the Japanese economy

surplus in November halved

from the preceding month to

\$1.3 billion as exports more or

less proved unchanged, while imports recorded the first

months due to a surge in gold

and aircraft. As the month saw a

high level of interest payments

on foreign-owned government bonds, invisible transactions

ran a record deficit of \$1.5 billion, resulting in a seasonally adjusted current-account

deficit for the first time in eight

months since last March. But

these increases in payments were of a temporary nature, raising little likelihood that the

current-account deficit would

The cardinal reason for the slowness of current business recovery is weakness of private

final consumption expendi-tures. According to the house-

hold economy survey, con-sumption expenditures by

households throughout the nation last October rose 1.2 per

cent in nominal terms over a

year earlier but dropped 2.8 per

cent after inflation. Such expenditures in real terms

slipped 0.9 per cent during the first 10 months of last year over

a year-earlier period, with all 1981 most certainly having

recorded a drop for the second

The slow consumption

largely reflected a low growth

of income after inflation for

wage earners as well as inde-

pendent business operators.

terms, on the GNP statistics

basis, also have been weak;

they dropped 0.0 per cent in the second quarter of last year from the preceding period and

0.2 per cent in the third

consecutive year.

Slackened final demand

ne-wise increase in eight

spring of last year, the Japanese economy has been staging a recovery, but the pace of expansion has been very slow as indicated by the GNP statisties which showed a real growth of 3.0 per cent in the first quarter, 4.8 per cent in the second quarter and 2.4 per cent in the third quarter of 1981. What is more, the economy's growth has taken place almost entirely on the strength of external demand, with domestic demand playing only

output reached a low point in the second quarter of 1961 and moved up by 1.6 per cent in the third quarter. In October, it rose 1.5 per cent over the prior month, but dropped 0.3 per cent in November. The outlook index rose 0.1 per cent in December over the preceding month and 1.2 per cent in Jamiary, indicating a moderate expansion of production until recently. Shipment has also been rising and manufacturers' inventories of finished products and inventory ratio have been dropping appreciably since the third quarter of last year, evidence of smooth progress in inventory adjustment.

been continuing calm. Wholesale prices dropped 0.1 per cent last October from the preceding month for three consecutive months, thanks to drops of import and export prices owing to a rise in the yen's value. In December, they stood only 1.6 per cent ahead of a year earlier. The rise in prices of domestic manufactured goods is also very moderate.

cent for four consecutive months since last August. Although they registered a 4.3 per cent rise in December, that due to cheap prices of

quarter. According to a survey by the Bank of Japan as of last Branches at: London, Düsseldori Representative Vision Affiliated and Associated Companies at: London, Luxemburg ntative Offices at: Frankluri, Pans, Madrid Subeldieries at: Amsterdam, Zürich, London

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November, such investment

during the first six months of

fiscal 1981 (April through

September, 1981) stood 0.4 per

cent ahead of the preceding six

months for major corporations in the manufacturing industry,

but 16.5 per cent lower for nonmanufacturing sectors, with overall performance declining 8.7 per cent. Spending by smaller

enterprises also was sluggish.

Investment planned for the second balf of the fiscal year

ending next March, however, is up 12.6 per cent over the preceding six months and 13

per cent over a year earlier for

major corporations in the manufacturing sector and up

31.7 per cent and 9.9 per cent

non-manufacturing

a marginal role.
Mining and manufacturing

In the meantime, prices have

Mirroring the quiet trend of wholesale prices, consumer prices have been stable. Compared with the year-earlier level, they recorded a moderate rise of less than 4 per nerely reflected the fact that the level for the month a year before had been unusually low

In balance of payments, seasonally adjusted trade

Private housing investment is still very depressed. Housing starts in November fell 2.0 per cent from a year earlier - for the sixth consecutive month Despite the Government's em-

Net income of wage earners' households during the first 10 months of last year increased 5.2 per cent but due to a sizable 12.8 per cent rise in non-consumption outlays, such as tax and social insurance premiums, the disposable income rose by only 4.1 per cent, which ented a drop of 0.9 per cent after inflation. Private expenditures on plants and equipment in real

cern that they may turn out to be a drag on business in the

Percentage Contribution to GNP Growth on Annual Busis

Companson with the pro	or person:	MERCONSTRY DO	Mercan .	
	1960 4(h Q.	1981 151 Q.	2nd Q.	340.
Private final consumption	0.1	0.1	0.1	oo j
Private housing		0.1	6.3	-0.2
Private capital investment		-0.0	-0.0	-0.0 (
Private inventory investment	0.1	<b>−0.</b> 3	-0.2	on ∤
Fiscal expanditures	0.2	D.6	<b>–</b> 01	-0.0
Current oversalts surplus		0.2	1.0	9.8
Gross national expenditures	0.7	0.7	1.2	0.6

second half of fiscal 1981. Accelerated disbursement of budgeted funds during the first half is the cause of slowdown in the second balf.

As for exports, their growth, in recent months has been notably slowing down. On a seasonally adjusted basis, customs-cleared exports in dollar terms rose 2.0 per cent in the second quarter over the preceding period, dropped 1.9 per cent in the third quarter and rose 0.2 per cent in the fourth quarter of 1961. Slow-down in growth rate is also clear from the amount of ex-port letters of credit received, future exports, Growth of exports is generally expected to continue flat for the time being as U.S. and European eco-

March period a policy of fully respecting individual banks lending programs, while it had already switched to giving. greater freedom to their landing programs in place of the past rigid administration of the so-called "window guidance." It is not expected, however,

that lendings by commercial banks will surge suddenly because of seasonally lean cor-porate fund demand during the Jamary-March period and

At a time when fiscal policy is incapable of playing a major role, the latest interest rate cut is not considered significantly effective in shoring up business. The root cause of the current slump of domestic demand is the deflationary impact of the second oil crisis,

usinesses. The to	ital i	or majo	*	nomies	remain	in a slump and	about	which	the :	intere	st rate
Plant and Equipment Outlays					7	frend of I	Export	•			
(Сотраг	150A W	win prior p	eriod: i	n %)		(Comp	erison with	& year or	r(ler)		
		cival)	Fla	cal 1991 (Pi	enned)		1951 2nd Q.	ard Q.	Oct.	Nov.	
		2nd helf		1st half (Actual)	2nd half		(%)	(%)	(%)	(%)	(%)
Manufacturing	29.0	14,1	13.7	0.4	12.6	Dollar val	ال 11.2 وب	20.5 15.1	71.7 12.4		1.0 6.3
Non-manufacturing Exclusion	14.7	29.8	7.2	-16.5	31.7	Export .	11.7	14.4	10.2	3.4	-6.3
electric utility		38.4	10.0	-17.6	20.0	letters of   Dollar val	ue 15.7	11.8	7.8	4.1	1.1
All industries Manufacturing	21.0	22.0	11.4	- 8.7	22.0	credit '					
smaller enterprises .	11.0	-0.7	<b>⊸</b> 3	1.4	-13.4	eSource: Bank of J	apan (Nov.	1991).			

corporations is to grow 22 per cent over the preceding period and 11.3 per cent over a year earlier. Investment planned by smaller enterprises for the second half is 13.4 per cent less than in the first half because of sluggish personal consumption and housing and uncertain prospects for the future.

phasis on housing promotion in the fiscal 1982 taxation and financing scheme, any rapid recovery appears ruled out because the current depression has its roots in land prices that have soared to a level far beyond the reach of average

On the fiscal side, public works investments turned minus after September in comparison with the year ago level and there is considerable con-

Japan must take stees to resolve escalating trade fric-

Litte effect expected from interest rate cut In a bid to give a boost to the

slower-than-expected domestic demand recovery, the Bank of Japan slashed its discount rate to 5.5 per cent from 6.25 per cent on December 11. The cut, fourth since August, 1980, was made after weighing the slow pace of business recovery, the stable trend of prices, expanding current-account surplus and growing strength of the yen. As a consequence, the short-term prime rate was lowered by 0.75 percentage point and the long-term prime rate by 0.3 per-

centage point. As for quantitative relaxation of money, the Bank of Japan introduced for the Januarypolicy alone can do little.

Money supply (M, plus CDs) has been growing at a rate of 10 per cent over a year earlier recently and if monetary elaxation serves to accelerate its growth, money supply will become excessive relative to the present rate of nominal economic growth, leading to concern over future price

Fiscal 1932 draft budget

The Government toward the end of last year decided on the budget draft for fiscal 1982 billion, up 6.2 per cent from the fiscal 1961 initial budget, Except for costs of bond issues and allocation of funds to local governments, general expenses turned out almost flat from fiscal 1981, with the rate of in-

crease being 1.8 per cent.

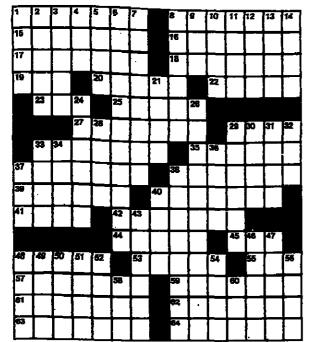
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DKE DAI-ICHI KANGYO B

The next DKB monthly report will appear March 26.





## **ACROSS** 1 Disintegrate

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- 55 Fight 57 Gear for Ansel Adams
- 59 Bucolic poem 61 Surplus 62 Ravel-proof edge 63 Tutelary
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- 2 Come to a point gradually 3 Giraffe's cousin
- 4 Torme 5 Wading bird 6 Gridiron ploy 7 Carried out 8 Be a pain in the
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# I'M EXHAUSTED. I CAN'T MOVE









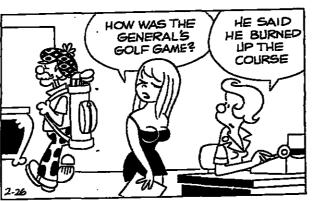






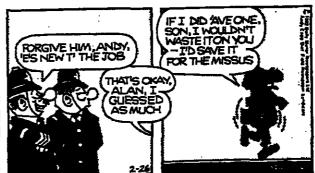




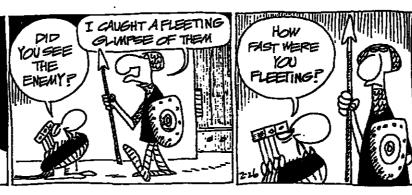
















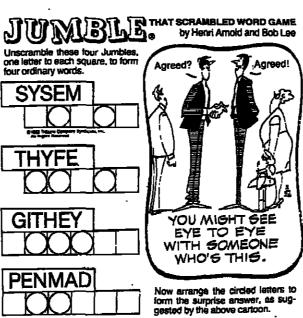












(Answers tomorrow Jumbles: GROIN SNARL ASSURE EULOGY

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Answer:



'DID YOU KNOW THAT I HAVE TIMO GREAT-GRANDMOTHERS?

I GOT A GREAT ONE, TOO. THE OTHER'S JUST FAIR."

# BOOKS.

LEVITATION Five Fictions By Cynthia Ozick. 158 pp. \$11.50. Alfred A. Knopf, 201 East 52d St., New York 10022 Reviewed by Leslie Epstein

THE PROSPECT of reviewing a new book by Cynthia Ozick gave me great pleasure, since I believe her two previous collections — "The Pagan Rabbi and Other Stories" and "Bloodshed and Three Novellas" to be perhaps the finest work in short fiction by a contemporary writer, certainly it is the work in that genre that has most appealed to me. Then "Levitation" arrived, subtitled "Five Fictions." Immediately a voice whispered, "On guard! Why fictions? Why not stories, why not novellas, as the subtitles of the two earlier volumes plainly declared their contents to be? What is a fiction, anyway? A quick glance through the galleys provided a calming, commonsensical answer. Some of these five pieces seemed to be stories, while others, although made up and works of the imagination, were not what we think of as tales. But a not what we think of as tales. But a closer reading has proved unsetting. Each of these works, however dazzing, original and even beauteous, does shy crucially from the kind of resolution we rightly demand from imaginative fiction. I'll attempt, in what follows.

what follows, to explain.

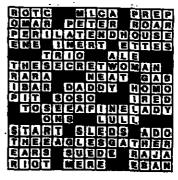
The two works in the middle of the book are the furthest from story form.
"From a Refugee's Notebook" consists of two fragments supposedly left in a rented room by a European or South American refugee. The first is a meditation on the subject of Freud's room, the burden of which seems to be that Freud, in his attraction to the cauldron of the unconscious, to the irrational, wished to become a god.

The second fragment discusses the fad of Sewing Harems "on the planet Actrema." These were women who sewed up their vaginas but occasionally managed to conceive anyway when they rented themselves out, on masse, for the pleasure of wealthy businessmen. Most of this Swiftian exercise focuses upon the unfortunate children, who band together in Mornist sects, produce offspring of their own and in time come to spread their totems, "great stone vulvae," over the surface of the globe. This "fiction" is less sterile and the surface than it is rejunted. ile and recondite than it is private — by which I mean it reveals nothing of the personality or situation of the refugee, its putative author. We are refused entrance to a fictional world.

## **Fascination With Caducity**

I lump, perhaps mistakenly, the brief story "Shots" with "From a Ref-ugee's Notebook." Here the narrator does not hide. She is a 36-year-old professional photographer, and she has a story to tell: how she falls in love with Sam, a scholarly expert on South America whose life seemed devoted to hatred of his wife, Verity. The curious thing about this piece is that the affect is not in these relationships. The narrator's infatuation and Sam's loathing are described in such a heap of images that we have to take them on faith. Indeed, the very de-mands of storytelling are dealt with as a kind of annoyance ("How to give over these middle parts?"). What remains, the point of the passion, is a fascination with caducity and the relationship of photography to it. In part are dealing with nothing more than that chestnut, the camera as a weapon that is aimed and shot. In larger measure, however, photography is art (literature, liction) and the writer another sort of simultaneous translator who fears - hence the turning away from elements of story — being gunned down.

What, then, of the title story, which seems a straightforward tale? "Levitation" is about a mixed marriage between Feingold, a Jew, and his convert wife, Lucy. Both are minor writers ("anonymous mediocrities"); each has left his or her tradition by marrying the other, and both, in their imaginative impotence, are seduced by status, gossip and power. There is much that is fine and amusing in this double portrait — especially in the oddly ap-pealing scenes of the happy couple in bed discussing their novels or issues of style: "bald man, bald prose," says Lucy, feeling pity for any writers who have not married their own kind. Of course Lucy and Feingold are not the same kind, a fact which becomes apparent at the end of a party they throw in their apartment. Among the many nobodies present are two types of Jew: the humorists, the humanists, who are described as going "off to studio showings of "Screw on Screen" on the eve of the Day of Atonement;



Cynthia Ozick

O. E. Report

and the lattatics, among them Feingold, who are obsessed with Jewish gold, who are closessed with fewigh history. What happens is that as these last subjects are discussed the relig-ious Jews begin to levitate, rising higher and higher, into the "glory of their martyrdom." If the common reader — probably a humanist, if not a nibbler of bacon — finds this hard to take, consider what happens to Lucy. She is suddenly illuminated by. glorified by a vision of her own pages roots: before the Madonna there was Venus; before Venus, Aphrodite; before Aphrodita, Asdancers, gross sexual symbols, Jesus in flesh. My point is not that the dice are loaded against this character, the deck so patently stacked. It is that the game is no longer being played by the rules of fiction. Probability, necessity, recognizable human feeling are replaced by the laws of what can only

be called mystical vision. Which brings us to the last two works, one short, one long, which together make up a good deal more than half this volume. Both "Puttermesser: Her Work History, Her Ancestry, Her Afterlife" and the novella-sized "Put-termesser and Xanthippe" are con-cerned with the same character, a notso-young lawyer and municipal serv-ant, Ruth Puttermesser. The two stories are the best in the book - often ries are the best in the book — often humorous, wonderfully quirky and possessed of a Dickensian delight in depicting the cracks and crannies in the Municipal Building and the Kabbala. And yet, I fear, my thesis holds. For example, the finest moment in the first Puttermesser story occurs when she travels to the run-down flat of her Uncle Zindel for a Hebrew lesson. Here is a character! Here is a voice.

"First see how a rined and which

"First see how a gimel and which way a zayen. Twins, but one kicks a leg left, one right. You got to practice the difference. If legs don't work, think pregnant bellies. Mrs. Zapen pregnant in one direction, Mrs. Gime in the other. Together they give birth to gez, which means what you cut

Yet no sooner does Uncle Zindel take shape before us than he is vapor-ized. "Stop, stop! Puttermesser's biog-rapher, stop!" In that halt we are told the old man has been dead for decades, the lesson never happened, the meeting never occurred. Could there our "biographer," quails before the demands of, the power of, imagination? Let us put it another way: Puttermesser is not to be examined as an artifact but as an essence. No wonder aruract out as an essence. No wonder the ending is but a cry for help: "Hey! Puttermesser's biographer! What will you do with her now?"
"Putternesser and Xanthippe" is meant to be an answer. Here our civil servant creates, half inadvertently, a

golem, Xanthippe, one of a long series of such creatures — half Frankenstein's monster, half Captain Marvel — designated by rabbis to get Jews out of a jam. Puttermesser uses hers — the first lady golem, by the by — initially to cook and clean, then to get herself elected mayor ("The Honora-ble Ruth Puttermesser") and finally to turn New York City into a gan eyan, a paradise on earth. It is a marvelotis conceit, wittily, charmingly conducted. The undoing of the dream, when the sexually crazed Xanthippe runs amok, is less successful; even in a world run by mystical lore, the denouement seems arbitrary and unconvincing. But the deepest flaw in "Puttermesser and Xanthippe" is the absence of an Uncle Zindel — of a fully human, fully feeling voice. Indeed, the only really touching moment occurs at the end, when Xanthippe is being de-It is time to call a halt, time to

1 E)

determine — perhaps we can only speculate — what is going on. The clue to this turn in Cynthia Ozick's work is her concentration upon language, upon sheer words — lists, syliables, names, letters. There is hardly a page of this book not, to one degree or another, obsessed by the magical power of writing. power of writing.

Leslie Epstein is the author of the novel "King of the Jews." He wrote-this review for The Washington Post's Book

# BRIDGE

By Alan Truscott

PLAYING a game in a 3-3 trump fit is rarely a successful move, but the contract came home on the diagramed deal

North-South were using a one-club

system, and South chose to open his thin collection with one diamond. This created problems when West made a natural bid of three-diamonds, North's double was negative, and South tried three hearts. North should no doubt have allowed for a three-card suit and bid four diamonds, a cue bid suggesting doubt about the right denomination. This might have, carried the partnership to four spades or five clubs, both of which would probably be made with an overtrick. Four hearts was a more original contract, and needed highly expert

play. This was forthcoming.

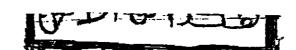
South won in dummy with the ace and took a shrewd finesse by leading to the spade nine. He ruffed a diamond, repeated the spade finesse, and cashed the heart queen. Then he reverted to clubs, and the rest was easy.

East made two more trump tricks eventually, but that was the limit for the defense. NORTH ♦AQ87 ♥A85

06 ♣AJ 1682 WEST 452 4 J 6 4 3 © K J 9 7 4 Ø 103 ♦KQJ10843 497 SOUTH(D) **△ 643** 4 A75 **₽**Q654

North and South were voinerable. The bidding: North **Lui** DNL, Pass 30 Pass Pass

West led the diamond king.



# Gretzky, Hockey's Genius, Thrives in the Crush of Success

New York Times Service NEW YORK - He is known as The Great Gretzky because of the rhythm of the words. But he should be known as The Genius because, as a hockey player, that's what he is.

Athletes such as Wayne Gretzky come along in a sport once in a generation, if then. When they do, they always arrive as child prodigies. Most hockey players are content to be considered prospects when they are 21 years old, but when the Edmonton Oilers' slender center turned 21 a month ago, he was pre-

His 79 goals have established a National Hockey League regular-season record. And, with 176 points, he already has shattered the record of 164, which he set last season.

By now. Gretzky should be accepted unanimously as a genius of the game. But a few hockey critics still wonder if he will endure. Many of those same critics, of course, also wondered a few years ago if he was big enough, strong enough or tough enough to make it. Now that he has made it, if he does not play until he is 50 those critics will nod knowingly.

"See," they'll say. "I told you he wasn't as good as Gordie Howe."

But being as good as Wayne Gretzky should be enough, even in today's 21-team NHL, where the tal-ent is spread thin. His 176 points have already virtually assured him his third consecutive Hart Trophy as the NHL's most valuable player and his second con-secutive Art Ross Trophy as the scoring leader.

"Maybe the NHL is diluted," says Gus Badali, his agent, who recently negotiated his 21-year, \$21 million contract, "but nobody else is doing what he's

Wayne Gretzky's supremacy is comparable to that of other athletic geniuses who were so much better in their finest seasons than their contemporaries.

The most glaring example occurred in baseball in 1973, nearly double the total that year of John Brock-only from the grind of the 80-game schedule but also 21, when Babe Ruth brought glory to the home run. ington and Calvin Hill, who had 1,144 and 1,142, re-from the constant swarm of reporters and photogra-1921, when Babe Ruth brought glory to the home run. He hit 59 that year. His Yankee teammate Bob Meusel and Ken Williams of the St. Louis Browns

were next, with 24. But later the gap closed. In 1927, when the Babe hit 60 homers, Lou Gehrig hit 47. And in 1961, when Roger Maris hit 61, Mickey Mantle hit 54.

Rogers Hornsby batted .424 for the St. Louis Cardinals in 1924, still the record average. Zach Wheat of the Brookyn Dodgers was next in the National League, at 375, but the Babe led the American

League that year, with 378.

Will Chamberlain averaged a record 50.4 points a game for the Philadelphia Warriors during the 1961-62 National Basketball Association season. Walt Bellamy was next at 31.6, Oscar Robertson third at 30.3. O.J. Simpson of the Buffalo Bills set his National

Football League rushing record of 2,003 yards in

What sets Gretzky apart is that, physically, he is

nowhere near as strong as the Babe, as sturdy as Hornsby, as large as Wilt or as swift as O.J.

At only 5 feet 11 inches and 165 pounds, Gretzky is more slippery than anything else. More psyched too. From the time he learned to skate in Brantford, Ont. he heard that he was "too small and too skinny" to make it at the next level of competition. But now he has gone beyond the next level to his own private

"It's his drive," Gus Badali says. "I remember he once told me that ever since he was little, he never wanted to be benched."

Not that Gretzky was about to be benched early last week. But for the first time, some people around him in Edmonton thought he appeared weary, not

# Hat Trick Gives Gretzky Record 79 Goals

BUFFALO — Wayne Gretzky scored three goals — the first of which broke Phil Esposito's former singleseason record of 76 - to lead the Edmonton Oilers to victory over the Buffalo Sabres on Wednesday

"The only thing I felt nervous about was the fact that Phil was kind enough to be here and he had things he wanted to do and I wanted to do it for that reason," said Gretzky, who broke the record with 6:36 remaining in the game when he skated past de-fenseman Richie Dunn and beat goaltender Don Ed-

wards with a 10-foot wrist shot. Following Gretzky's record-breaking goal, the game was halted and Esposito, who scored 76 goals while playing for the Boston Bruins in 1970-71 sea-

son, was escorted onto the ice and presented Gretzky with the puck that broke the record

Esposito, who retired last season, had been following Gretzky for several days. "I'm glad for Wayne." Esposito said, " and I'm glad for the NHL because the publicity from the assault on the record has been tremendous. The image of great hockey players, not idiots, is what Wayne is creating."

Esposito's accomplishments of 76 goals and 152 points, which occurred while Gretzky was eight years old, were considered as attainable. Both have been broken by Gretzky — barely a decade later.
Now Gretzky can set his sights on two more once impossible dreams — 100 goals and 200 points in a season. He's got 16 games to get the 21 goals and 24 points needed to reach those plateaus.

"Everybody tells me I'm tired," he said at the time, "but I don't feel tired."

In the next three games he did not play tired - two goals and three assists in a 7-4 victory over the Minnesota North Stars, three goals and two assists in a 7-4 victory over the Hartford Whalers and his recordtying 76th goal and four assists in a 7-3 victory Sun-

day at Detroit.
What also sets Gretzky apart is that he has been able to cope with the news-media attention that Ruth, Hornsby, Chamberlain and perhaps even Simpson never quite had.

In recent years, George Brett and Rod Carew each had a chance to bat 400, but neither did. One reason was that as soon as each was up around .400, he suddenly was a media event. After that, it was difficult to maintain the concentration that had enabled each man to lift his average that far.

And in 1961, when Maris was chasing Ruth's record, all the media attention caused some of his hair

So far, Gretzky appears to have thrived on the attention. But, to protect him as much as possible, the Oilers no longer arrange for telephone interviews.

When the Oilers were about to play in Toronto recently, Gretzky had so many media requests that one news conference was arranged. About 200 news people showed up. Mostly, the Oilers prefer to con-fine his interviews to the arena, after a game or after

"But then we'll tell somebody, 'You've only got two minutes," Elaine Ell says, "and Wayne will talk for 15 minutes. But at least it's in the arena."

Yes, the arena, any NHL arena. That's where Gretzky is most comfortable, and that's where his genius shines.



Wayne Gretzky, No. 99 in middle of the pile, is mobbed by his teammates after scoring his record breaking 77th goal.

# Open Victory to Close a Career

# Andy North Lives With One Week of Great Golf

By Jim Muttay Los Angeles Times Service
LOS ANGELES -- The U.S. Open is golf's Holy Grail. It's supposed to be the culmin tion of a career, won by a guy who has paid his dues. It's supposed to be the 15th or 20th tour-nament he's won, not the first or second. Hogan was in his 36th year before he won his first open, by which time he'd won almost every-

thing else there was to win. The theory is, you have to have been in a lot of rough before you're ready to win the open. You have to know what a tough game this really is. You have to know the terrible things that

But the open has a distressing habit of being won by grys who are winning not only their first but their only tournament.

It happened first in 1935, with a man named Samuel McLoughlin Parks Jr. He'd never won a tournament and never would again. Sam Parks had one talent: He could shoot 75. Since no one broke 300 that year, it was enough. The next year, Tony Manero won it - and disan-

- - , peared from view forever. The first tournament Jack Nicklaus ever won was the U.S. Open. But he's won 67 other tournaments since then, including three more opens. The first tournament Lee Trevino ever won was the U.S. Open. But he's won 25 others since then, including another open. Jerry Pate opened with an open - and has won six

### other townsments. Fleck's 'Fluke'

In Jack Fleck's first tournament victory, he beat. Ben Hogan in a playoff-for the U.S. Open. Talk about starting at the top. But writers took to calling him "Jack Fluke." Jack won one other tourney his whole career. Or ville Moody in 1969 was to join Parks and Manero as a guy who tripped over history. He had one week of great golf in him — and picked the right week.

Or did he? If it's an axiom a guy should win a whole bunch of tournaments before he wins a U.S. Open it is at least equally axiomatic he should

win a whole bunch after. Which brings us to the Strange Case of Andrew Stewart North. Is he about to perform another of golf's magic disappearing acts? Or will he suddenly reappear bowing from the

waist pulling a hat from a rabbit? When Andy North teed it up at the U.S. Open in 1978, he had won one entire tournament. But when he won the open nobody put him in the category of Parks, Manero, Moody, or Fleck. Or Fluke. The guess was, he was more in the category of Trevino. There would

be more to follow. There haven't been, to date. What happens to open winners who drop from the clouds? Does being an open winner subtly alter his outlook so he no longer plays subtly after his outlook so he no longer plays his game. He plays Hogan's? Or Hagen's? Or Jones? Does he suddenly think he's got to knock down the flag on every sho? Does he pull out the 4-wood where the percentage—the "ordinary" player's shot—calls for a safe iron? Does he suddenly start wondering what Nicklaus would do here? Instead of what Andy North should do here? Does he begin to think he's a young Arnold Palmer? Does he begin to think the ball is supposed to go in the hole because it knows who he is?

The real Andy North sat on a bench in the Riviera Country Club locker room last week during the Los Angeles Open and pondered

"You do play more aggressively," he said.
"You do feel more is expected of you."

## Style of a Champ

In other words, North said, he is a little like guy who becomes heavyweight champion. He wants to go out in style, not covered up or running. He never wants to clinch with the course. An open champion can't lag his putts, take a spoon off the tee.

"But it's a lot of things. I guess it's like you win a Pulitzer Prize or an Academy Award. You tend to float around for awhile."

Sometimes an Academy Award or Pulitzer can force the recipient to freeze at the controls. He can't do just anything for his next film or book. He has to make doves fly out of his ears. He has to hear, "Damm it, genius, you've done

Maybe a U.S. Open winner should hang them up. Bobby Jones put away his cleats when he won the Grand Slam, You shouldn't hang around like an over-the-hill fighter.

Golf is unique in this respect. A journeyman ballplayer can be the MVP in a World Series but no one expects him to be anything but a journeyman the next season. Is Andy North's future — like Moody's, Fleck's, Parks' and Manero's — all behind

Andy North doesn't think so. "You have to reset your goals. I was able last year to realign

my thinking. I was able to put away trying too hard to win. I have always been a goal-oriented person but when my top goal was realized, the thing I had dreamed about winning since I was a kid was won. I don't think I was confused but I think I was trying to force thing. Coll. im't football. You good to force things. Golf isn't football. You can't force things. You have to let scores just happen sometimes. You can't make them happen.



... the ecstasy of a week on top

To put things in perspective, you have to understand that Sam Snead won 84 tournaments, but none was the open. Tom Watson, everybody's heir apparent, has won 25. But none was the open. And North has won two. And one was the open.

A great mistake? Anti-history? Or the nature

of the beast, modern golf? Historians recall that Hale Irwin won the open after only two tournament wins. Then went on to win another open and a dozen other events.

Is one of Andy North's goals to win another open? Andy laughed and looked over at the scoreboard where he was in an accustomed (lately) place, the middle third of the board. My goal is to win anything."

Last year Andy North came close (one shot) in the Canadian Open. Two weeks ago, he came close (three shots) in the Hawaiian Open. What if he won another open? That would really put him in a unique category. Lots of guys have won one open and nothing else. But nothing the category and nothing else and nothing. body has ever won TWO opens and nothing

else. North smiles. "I could live with it."

Of course, he could then spoil it by winning another open — and then a whole flock of tournaments. Look at it this way: the Toynbees of golf don't remember the names of every guy who ever won an open. But the names of the guys who ONLY won the open are im-

# Leand, Citing the Pressures of Rankings, Decides to Quit University to Turn Pro the time for me to go on the circuit," Leand said Wednesday. "I

need the ranking for invitations to

major tournaments, and I need to

Leand said she will finish the

spring semester at Princeton be-

fore taking a leave of absence.
"I really want to return to

U.S. Open. She was defeated by

Barbara Potter, who, coincidental-

Lloyd Back With Victory

OAKLAND (AP) - Chris

protect and improve my ranking."

PRINCETON, N.J. - Princeton University freshman Andrea Leand is trading her college educa-tion in for a professional tennis tour, starting March 1 at a tourna-

ment at Los Angeles.

After reaching the quarterfinals in three of her last four pro circuit tournaments. Leand jumped to No. 29 in the Women's Tennis Association computer rankings, sur-passing all other amateur players

Leand, who just a month ago said she would wait until May to decide whether to turn pro, said it was her breakthrough in the rankings that prompted her move. 'I feel if I want a career as a professional tennis player, now is

> NHL Standings WALES CONFERENCE

Wednesday's Resetts
Winnices & Philodelphia 2 (Christian 2 (19),
Hapkins (4), Lukowitch (29), DeBiols (19),
Hawerchok (33); Kerr (33), Stiffer (23)),
Harfford & Boston 3 (Kofscroules 2 (12),
Larouche (30), Anderson (1); McNab (25), B.
Crowder (7), Fersus (15)).
Edmonton & Buffalo 3 (Huddy (2), Hughes
(22), Kard (27), Gentry 3 (29); Recognit 5

(22), Kurri (27), Gretzky 3 (79); Perrecutt 3

Cai)).
Los Anexes S. Detrott 3 (Fox (22), Taylor (32),
Dionne C33), Simmer (9), Turchull (11);
Loffhouse 2 (2), Osborne (19)).
Alinneota 7, Teronfto 5 (Ciccarelii (47), Payne
2 (24), Young (16), Polinser (20), Christott (23),
Brohm (27); Aobin 2 (12), Valve 2 (41), Derlago
(291).

Brohm (27); Aubin 2 (12), varve 2 (41), ize nas-(29)). NY Rompers 4. Chicope 4 (Duguay (33), Dove Mationey (9), Silk 2 (12), Povelich 2 (25); Wilson 3 (29), Markey (25)).

W L T GF GAP

Evert Lloyd began her 1982 tennis season with a strong showing, beating Peanut Louie, 6-1, 6-2, on Wednesday in the Avon Cham-pionships of California, Lloyd, the top-ranked player in women's tennis, returned to action after taking Russia, Norway

# Share Relay Gold United Press Interne

OSLO — Norway and the Soviet Union both were awarded gold medals after finishing in a deadheat for first in the men's 4-x-10kilometer relay Thursday at the World Nordic Ski Championships. It was the first time in the history of the championships that a tie for gold medals was declared.
Norway's Oddvar Braa and Al-

exander Zavialov of the Soviet Union had battled over the final 10kilometer leg of the race and crossed the finish line together. Finland finished third.

It was the sixth gold medal of the World Championships for Norway and the first for the Soviet Union. Braa won the 15-kilometer race Tuesday with Zavialov, the defending champion, second.

Kitchen, both, phone, high class, F 5600. Tel: 280 20 42.

two months off from competition Leslie Allen upset Betting Bunge, 6-3, 6-3; Silvia Hanika bea Sabina Simmonds, 6-4, 6-3, an Virginia Ruzici deleated Ann Kiyomura, 6-2, 6-1. Pam Shrive withdrew because of a torn groin

## Lendl Defeats Slozil

Princeton to finish my degree, but a tennis player or any athlete has only a limited career as a pro. And for me, the time to begin is now," GENOA (AP) — Top-seeded Ivan Lendl of Czechoslovakia and No.2-seed Vitas Gerulaitis breezes Leand last summer upset sec-ond-seeded Andrea Jaeger in the past their first-round opponent Wednesday in the WCT tenni tournament here.

Lendl, who had his 44-match ly, was accepted by Princeton a few years ago but passed up col-lege for a full-time pro career. win streak snapped by Yannick Noah on Sunday, overwhelmed Pavel Slozil, 6-0, 6-3. Gerulaitis defeated Rolf Gehring, 6-1, 6-2.

## Transactions

American League
NEW YORK—Signed Rick Reuschel, plicherto a two-year contract extension through the
1985 season.
OAKLAND—Traded Crole Minetta, plicher, to Rochester of American Association for Allen Edwards, pitcher; signed Mike Davis, autileider,

and Kelvin Moore, infletter.

Notional League

CINCINNATI—Signed Jase Brito and Jeff
Lohit, efficiers, to one-year contracts.

NEW YORK—Signed Charile Pulsa, Tim
Leary and Terry Leach, Pitchers, to one-year
contracts.

St. LOUIS—Announced reterment of Ken
Bover as manager of Louisville of the American

Bover as manager of Louisville at the American Association. Named Joe Frazier Louisville

FOOTBALL National Football League SUFFALO—Named George Diver delensive ne coach. CHICAGO—Signed Gary

inebocker, and Gree Foirchild, guard,
DENVER—Signed Joe Collier to a multi-year
contract as assistant cooch. EXECUTED SUSPENSION COOCH.

SEATTLE—Announced the resignation of Horman Sorkovsky, managing general partner.

Named Eimer Nardsfrom managing general

HOCKEY

HOCKEY

Mattenet Hockey League

LOS ANGELES-Recalled Scott Gruhl, left
wing, and Warren Holmes, canter, from New
Hoven at the American Hockey League.

SOCCER
Morth American Socar League

SAN JOSE-Named Peter Shart and Joe
Mailett as co-capches; announced George Best,
froment, hos malered the learn.

NCAA-Named Fred Jacoby to its 10-member Executive committee.

PITTSBURG STATE-Named Bruce Palen NBA Standings

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Wessersony's Results
Houston 120, Denver 110 (Leovell 32, Hoves 27;
andeweghe 34, Issel 24).
Boston 122, Utch 40 (Bird 27, Carr 19; Wilkips,
Schowes 12, Wood 127,
Indiana 118, New York 87 (Owens 16, H.
Illiams 14, Buse 15; Cartwright 14, Richardson
1,5, Williams 10).

College Basketball

Marist 95, Vermont 90 Villanovo 47, Connecticut 63 W.Virginia 82, Pittsburgh 77

Alabama 74 Auburn 72 Alabama 74, Auburn 72
Duka 73, Clemson 72
Georgia 64, Tennessee 43
Kenhucky 71, Mississiani S1, 54
Mississiapol 74, Louisiana 51, 61
N.Carolina 77, Georgia Tech 54
N.Carolina 51, 52, Maryland 38
N.Kenkucky 73, Kentucky 51 68
S.Carolina 62, Clindel 57
Tennessee 51, 78, Bethune-Cookt
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Virginia 84, Wake Forest 66
Middent

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By Russell Baker

YEW YORK — Messages people wrote you used to come in three forms. There was the post card. It showed a bathing beauty or a Ferris wheel on one side and on the other it said, "Having a swell time see you soon."

And there was the handwritten letter. People wrote letters every

day or so then. Stamps cost only three cents, so people used the mails as loosely as they use the telephone nowadays. Letters usually said, "Well, I don't have much to write about tonight, so I'll sign off now and get

1 Baker this in the mailbox before the last

collection." The third form was the telegram. Swells apparently sent telegrams all the time. Dropping into a Broadway house one night to watch a performance of a show he had directed, George S. Kaufman left in the middle to send his star a telegram that said. "Am standing in the back of the theater. Wish you were here." Robert Benchley, arriving in Venice, sent a telegram to a New York friend saying, "Streets filled with water. Please

In my circles, though, horseplay with telegrams was unknown. Men quaked and women fainted when a telegram appeared at the door. It usually meant somebody dear had dropped dead. If the news turned out to be milder they'd write the sender a letter saying, "What's the idea of scaring me silly by sending a telegram?

Nowadays mail is more complicated. Just the other day I received a Speedgram. It was the first and only Speedgram I've ever had. It asked how I'd like to make a career in the electrical wiring business.

A lot of Mailgrams come in. Mailgrams tend to be chatty and come from absolute strangers. They usually urge you to go see a terrific new movie on the other side of town.

An astounding number of people now seem to have memo pads but no memos to write on them. As a result they write letters. The memo paper is usually emblazoned with ominous lettering that says

AMERICA CALLING

"Memorandum For ——" or, more curtly, "MEMO."

I understand the problem here. My boss once issued me several pounds of such paper. Across the top of each sheet was printed in large black letters the word "Memo."

He wanted me to send some memos, you see. It was embarrassing. I rarely had any memos to

I suppose there are a lot of people in the same pickle. Up to the ears in memo pads, they can't think of a single memo to send. So they write you letters on them. It's weird to get a letter headed "Memorandum For ---" that says, "It's time you quit putting down New Jersey with those wheezing jokes and came down to Camden to see the real America." Why must anybody remember

Then there's the computer print-out which comes disguised as a letter. These are usually signed electronically by the Rev. Jerry Falwell or President Reagan, run on for 1,500 or 2,000 words and end by asking for money.

I have a couple of President Reagan's. The first one begins, "As your President, I am calling upon you to make a most unusual sacrifice." In short, if I send him \$120 he'll enroll me in the "Republican Presidential Task Force," enter my name on his "Honor Roll book" to "remain with my permanent pa-pers," send me "a beautiful and impressive" Medal of Merit lapel oin and an American flag I can fly on every day that's important to

His second printont begins: "I've thought of you often during my first year in the White House because I realize how important you are to the future of our country. I believe you are one of the special few who understand."

This one comes with a form so I can let the GOP Victory Fund know whether I intend to send \$15, \$25, \$50, \$100, \$250 or – (other)." I am sentimentally tempted by his first offer. It reminds me of the year I sent a real letter away with six catmeal box tops and \$1.50 in stamps and got back a pair of genuine "Bobby Benson" cowboy chaps.

The mailman brought things like that in those days and I'll tell you sometime how joyously I awaited his daily deliveries but I'll sign off now so I can get this in the mailbox before the last collection. New York Times Service

# Jack Nicholson

The New Jersey-Los Angeles Axis, 'Known' People, Optimism, 36 Films and a Face That Doesn't Look a Day Under 44

By Henry Allen Washington Post Service

NEW YORK — Jack Nicholson's face is on fire.

That's what it's like, he walks into the room and it's instant ignition, the eyebrows dropping like burnt logs in the middle, flaring up at the ends, and then the inferno of The Smile, which erupts in three stages: the corners catching, the upper lip curling back, and then the white heat of a classic Nicholson face. It's the you-knowthat-I-know-we're-both-crazy smile, blaz-

ing under the glow of eyes that are vellow. This is the face that lit up "Five Easy Pieces," "The Last Detail," "Chinatown," 'One Flew Over the Cuckoo's Nest," "The Shining," "Reds," 36 movies since 1958, 17 of them since he stopped doing biker and horror flicks and got famous.

A voice comes out of the fire. He seems to be saying "right" a lot, or "yeah," or "y'know," but it's mostly the sound that counts - the fatigued Jersey drawl, beyoud cynicism, the schwa-toned vowels of his great lines: "Are ya making this up as ya go along?" as he says to Diane Keaton in "Reds," a performance that has won

him an Oscar nomination this year. The face, the voice: Nicholson makes a good, jarring entrance, here in the cool precision of a 33d-floor hotel suite with a picture window overlooking Central Park, the Hudson and his home state of New Jersey. Then he puts on the sunglasses, aviator

small they look sinister. It turns out there's a face to be studied behind the glare: a couple of big horizon lines over his brows, the hair thinning. After 44 years of spontaneous combustion, the face doesn't look a day under 44.

teardrop lenses, black as telephones and so

**Taking It Easy** 

"I haven't worked all year," he is saying. His new movie, "The Border," is just out, and "Reds" came along last fall, and "The Postman Always Rings Twice" opened last spring, and now he's taking it easy.

And still he sounds tired. And looks tired. He slouches on the couch in a posture reminiscent of failing private detectives and, just possibly, people from New Jersey — Neptune, to be precise. Nicholson was the son of an alcoholic

window dresser who left just after he was born. His mother supported him and his two older sisters by putting a beauty parlor in a bedroom. He was a cut-up in school. by all accounts. Left New Jersey after scoring in the top 2 percent on his college boards, went to Los Angeles where a sister was one of the Earl Carroll Showgirls. And never went back.

But his heart is in New Jersey. "I was telling my friend Lou Adler about doing a Jersey music documentary — Sinatra, Basie, people don't realize how many people are from Jersey. One night we

were watching Harold - who's the dance choreographer, you know, no, Jerome Rob-bins. I mean they had four fine arts nomi-nees for the Kennedy award [Kennedy Center honors] and two of 'em from Jersey and the other one wasn't an American, so out of three Americans, two of 'em were from Jersey, Count Basie and Jerome Robbins. People don't realize this, what I started to say is, because, it's another thing about L.A. and Jersey affinity, because they're both places that give themselves bad PR because they don't want people around. It's true. They do have that affinity with Los Angelenos, who are the only people who talk about smog all the time."

This positing of a Jersey-L.A. axis may be unique. Still, he even dresses the part, the melancholic-laid-back aspects of both: the unshaped drape of a brown suit, cut late '40s style; red and green checked shirt; brown lace-up toe cap shoes with maroon socks; and a tiny, perfect Garden State touch: a gold tie clasp with no tie. Beautiful. One of the people, a man you could

Interest in Politics

Nicholson takes an interest in politics. He's got a green ribbon tied to the handle of a beat-up and very full briefcase - the ribbon is for both the murdered children in Atlanta, and the late Irish Republican Army hunger striker, Bobby Sands. You could imagine him working for a city political machine, a behind-the-scenes type who knows the score, like Jake Gittes in "Chi-

"I'd be a lawyer if I wasn't an actor," he says. "I would've started out idealistically, doing criminal law —" the drawi sounds like he's just out of bed, still stretching " -and wound up handling about one very wealthy dient."

Soundless laugh. This is Jersey thinking,

all right.
"Well, realists, ya know," he says. He's always worked, never had to pump s in between parts. He started with a \$30-a-week job as messenger in the carroon department at MGM. He enrolled in Jeff Corey's acting course.

Soon he was getting small parts, TV stuff. Everybody else moved up to stardom. Nicholson moved to a 1957 lead in a Roger Corman movie called "Cry Baby Killer." It was a six-day wonder that made him a regular in biker and horror flicks, and won him no fame whatever.

Nicholson once told a seminar of the Center for Advanced Film Studies: "Roger really carried me for about four years. He was the only guy that I ever got a job from. Cosume stuff, which I do as badly as possibly can be done; gangster pictures which are a little closer to reality. In those days there were a lot of insane murderers being done which I've always been partial to."



Nicholson in "The Border."

daughter and a divorce later, he'd done it all, including writing, producing and going to Europe to buttonhole film executives to sell his movies. But it hadn't happened.

It happened in 1969, when Dennis Hopper and Peter Fonda couldn't get Rip Torn to play the alcoholic small-town lawyer in "Easy Rider," and Nicholson stole not just another biker movie but the biggest movie of the year and an Oscar nomination, the first of five — he'd win for "One Flew Over the Cuckoo's Nest." He made it happen with that trademark combination of naiveté and despair, eagerness and certain doom. In movie after movie since, he's been a character who wills himself to optimism, while knowing deep down, that it won't work out, it never does, this being the condition of life.

"It is the condition of life," he says. "And this is why I sort of rebel against being described in any pessimistic terms. Because I always try and play everybody I play, I try from the inside point of view for m to be after a positive goal for themselves, it's sort of another part of the code of work for me. That's what I admire about everybody, is, you know, trying, you know, you're not sure if you're right or wrong, at least go for what you think is

He moves in a world of celebrities, "known" people, as he calls them. It has left him with a peculiar phobia. "When I first started being a known person I always thought, I'm gonna be standing next to someone very important and get shot, by mistake." The eyebrows winkle up, he Ten years, 19 movies, a marriage, one shoots his jaw as if to say: Right?

In his movies, he always seems to be working against something, a very resistible force going up against an immovable object. He seems so fired, fed up, with no choices but to keep on keeping on.
"Yeah!" he says, when he's told he looks tired on the screen. He laughs, that dry, amazed, wise-guy bark, that smile that crupts in his movies to signal that the grind, the rat race, the futility just might end this very second, pal. It's the smile of the eternal optimist, in spite of himself.
"Yeah, it's hard work," he says.

He loves acting, that's one reason he took the year off because it didn't feel so good anymore.

"The Border" may be his last action movie. "I may be getting too old to do sotion movies. They're tougher than sports or anything else because of the repetition. If you say, you know, if you, what'll I do in this movie, jump off the front of an automobile or something. I mean, I could jump, you know, I'm a physical person. It doesn't sound — you do it 20 times, one time you don't land right, it's just something that you don't do, you know what I mean?

He's worked hard, and almost always for somebody else. As an actor he has preferred to let the directors run his movies, no battling for control. As a lawyer, be says, he would have ended up working for one wealthy man. As a celebrity he worries about getting shot while standing next to someone more famous than he is. As a boy he grew up without a father. The outsider Sisyphus, But instead of working with the rock, he's working for it - that's the myth, Jersey style, a little of that schlemiel fatalism people make fun of. Maybe you wake up thred, but you always get out of bed, that's what you take pride in.

## Alone in the Bost

He was a lifeguard, once, in Bradley Beach, N.J. Not up on the lifeguard stand, being a bronze god, but out in the boat, rowing standing up, by himself. "I like it better, you're not as responsible. Your job is to kind of patrol, and when an emergency happens you're the one who does some thing about it, but you're not responsible for missing an emergency. You're not the guy who's up here, who says okay, what we do now, when an emergency breaks out. The guy up there will be directing you."

"Bradley Beach," he says. The Face flickers and ignites. "Never had a drowning in Bradley Beach since they started mu-nicipal lifeguards in 1911. Nobody's ever drowned in Bradley Beach."

He watches to see if the importance of this is sinking in. The eyebrows flare, the lids drop. He nods, this guy who knows just how good he is, how many movies he's made, and how tired it's gotten him. "It's a good record."

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# PEOPLE:

Yoko Ono Acclaimed At Grammy Awards

A tearful Yoko One brought the audience to its feet at the 24th annual Grammy awards as she accepted the album-of-the year honor she shared with her slain husband, former Beatle John Lession. for "Double Fantasy." Ono's appearance on stage with the counie's 6-year-old son. Sean, all but linsed the rest of the winners, including Quincy Jones, who won more Grammys than anyone else, and Kim Carnes, whose rappy-voiced hit, "Bette Davis Eyes," was named record and song of the year, Al Jarrean, Lenz Horne, Dolly Parton, The Police, Manhattan Transfer, and "Hill Street Blues" theme composer Mike Post won two awards each from the National Academy of Recording Arts & Sciences. Jones, triumphing nor only as a musician but as an arranger and record producer, grabbed five Grammys, including producer of the year, an award honoring all his production work. Jones'
"The Dude" LP earned benors as
best rhythm-and-blues performance by a group; the tracks "Velas" and "Ai No Corrida" were cited, respectively, for instrumental arrangement and instrumental arrangement accompanying vo-cals. Finally Jones shared a Grammy with Lena Home for best cast show album, "Lena Horne: The Lady and Her Music." Horne was also a surprise winner in the female pop performance category. Carnes was an exuberant winner for "Bette Davis Eyes," the No. 1 hit which also carned song-of-theyear honors for songwriters Jackie DeShamon and Donna Weiss. Sheena Easton, a petite Scottish singer who burst on the music scene with the theme to the James Bond film "For Your Eyes Only" and a bouncing balled called "Morning Train," was samed best new artist. In classical music, the Chicago Symphony Orchestra and Chorus performance of Mahler's Symphony No. 2, with Sir Georg Sold conducting, took best album and best orchestra album honors, while violinist Itzhak Perlman won one award and shared in two oth-

The U.S. motion picture academy refused a request by the Polish government to withdraw Andrzej Wajda's film "Man of Iron" as a nominee for the Oscar for the vear's best foreign language pic-

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